



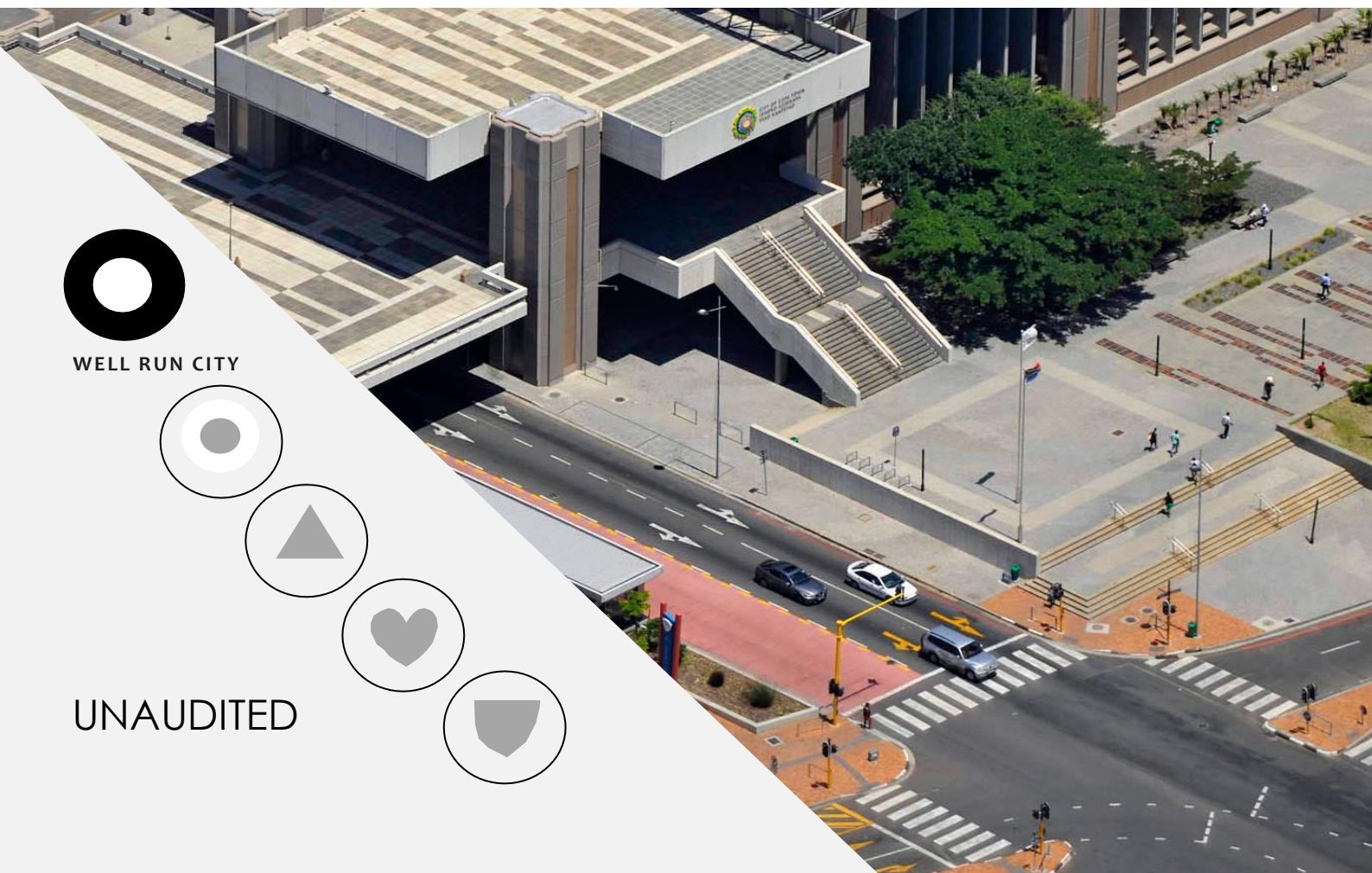
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.



WELL RUN CITY



UNAUDITED



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REPORTING ENTITY'S MANDATE



The City of Cape Town is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa Act 108 of 1996.

The principal activities of the City are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations.



APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2020, as set out on pages 9 to 108 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 39.2.2 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act 108 of 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.



Lungelo Mbandazayo
City Manager

30 September 2020



REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

Report on the audit of the consolidated and separate financial statements

Content to come



REPORT OF THE AUDITOR-GENERAL (continued)

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

Report on the audit of the consolidated and separate financial statements (continued)

Content to come



REPORT OF THE AUDITOR-GENERAL (continued)

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Report on the audit of the consolidated and separate financial statements (continued)

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Report on the audit of the consolidated and separate financial statements (continued)

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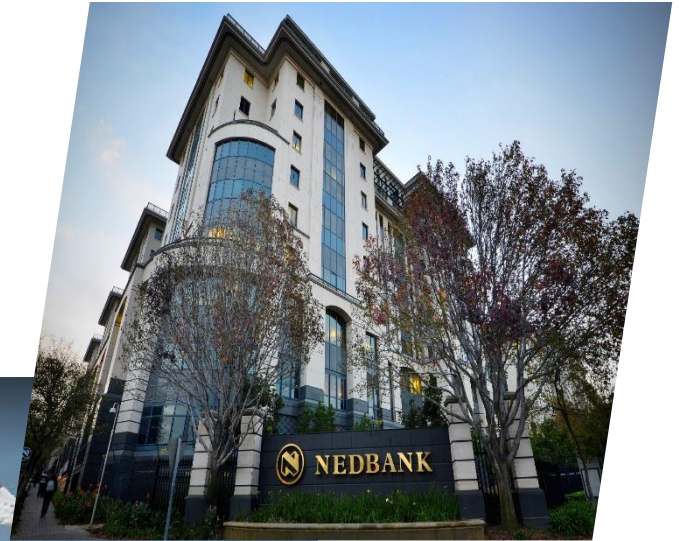


GENERAL INFORMATION

BANKERS

Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000



AUDITORS

The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442



REGISTERED OFFICE

City of Cape Town
12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000



GENERAL INFORMATION (continued)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor

Ald D Plato

Executive Deputy Mayor, Finance

Ald I Neilson

Economic Opportunities and Asset Management

Ald J Vos

Transport

Ald F Purchase

Safety and Security

Ald JP Smith

Spatial Planning and Environment

Ald M Nieuwoudt

Urban Management

Ald G Twigg

Corporate Services

Cllr S Cottle

Community Services and Health

Cllr Z Badroodien

Human Settlements

Cllr M Booï

Energy and Climate Change

Cllr P Maxiti

Water and Waste

Ald X Limberg



EXECUTIVE MANAGEMENT TEAM

City Manager

L Mbandazayo

Chief Financial Officer

K Jacoby

Community Services and Health

V Botto (acting)

Corporate Services

CJ Kesson

CD January (acting during COVID-19)

Economic Opportunities and Asset Management

KS le Keur

Energy and Climate Change

K Nassiep

Human Settlements

N Gqiba

Safety and Security Services

RG Bosman

Spatial Planning and Environment

O Asmal

Transport

E Sass (acting)

Urban Management

P Mashoko

Water and Waste Services

M Webster

MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

Chairperson

D Singh

Members

S Barnes

M Burton

L Nene

R Nicholls

OTHER

Speaker

Ald JD Smit

Chief Whip

Cllr D Visagie



GENERAL INFORMATION (continued)

Council members of the City of Cape Town

Cllr A Abrahams	Cllr T Dasa	Cllr C Kobeni	Cllr S Ngxumza
Cllr FL Abrahams	Cllr MM Davids	Cllr AL Komeni	Ald MJ Nieuwoudt
Cllr MR Abrahams	Cllr NN Dilima	Cllr NF Kopman	Cllr M Nikelo
Cllr MF Achmat	Cllr WB Dlulane	Cllr GPG Kriel	Cllr S Nkomiyahlaba
Cllr A Adams	Cllr WP Doman	Cllr AE Kuhl	Cllr FM Nkuzana
Cllr A Adams	Cllr DK Dudley	Cllr MD Kumeke	Cllr X Nofemele
Cllr R Adams	Cllr SS Duka	Ald NJ Landingwe	Cllr S Nonkeyizana
Cllr Y Adams	Cllr MR Dwane	Cllr SP Liell-Cock	Cllr SN Nqabeni Moloto
Cllr M Adonis	Cllr PA East	Cllr AG Lightburn	Cllr SP Nqamnduku
Cllr ZC Adonis	Cllr CJ Esau	Ald XT Limberg	Cllr ML Nqavashe
Cllr FK Ah-Sing	Cllr JP Fitz	Cllr BC Madikane	Cllr M Nqulwana
Cllr WJ Akim	Cllr E Fortune	Cllr N Mahangu	Cllr A Ntsodo
Ald EP Andrews	Ald GD Fourie	Cllr N Mahlati	Cllr P Nyakaza-Sandla
Cllr E Anstey	Cllr P Francke	Cllr BM Majingo	Cllr L Nyingwa
Cllr R Arendse	Cllr CM Fry	Cllr N Makasi	Cllr SF Oerson
Cllr DE Badela	Cllr A Gabuza	Cllr LC Makeleni	Ald MJ Oliver
Cllr ZA Badroodien	Cllr F Gaffoor	Cllr SK Manata	Cllr GC Peck
Cllr MK Bafo	Cllr BC Golding	Ald GW March	Cllr XG Peter
Cllr UM Barends	Cllr GE Gordon	Cllr J Martlow	Cllr MJ Petersen
Ald AJG Basson	Cllr AJ Griesel	Cllr V Matanzima	Cllr S Philander
Cllr S Batala	Cllr CDW Groenewoud	Cllr JJ Maxheke	Cllr MP Pietersen
Cllr TM Batembu	Cllr NE Grose	Cllr P Maxiti	Cllr TI Pimpi
Cllr RA Bazier	Cllr LA Gungxe	Cllr L Mazwi	Cllr YM Plaatjie
Cllr MM Bele	Cllr B Hansen	Cllr S Mbandezi	Ald D Plato
Cllr AM Benadie	Cllr W Harris	Cllr JS Mbolompo	Cllr CJ Pophaim
Cllr R Beneke	Cllr GCR Haskin	Cllr NV Mbombo	Ald SB Pringle
Cllr CB Bew	Cllr PG Helfrich	Cllr J McCarthy	Cllr CB Punt
Cllr N Bolitye	Cllr A Hendricks	Cllr AP McKenzie	Ald FA Purchase
Cllr M Booï	Cllr PC Heynes	Cllr CN Mdeleleni	Cllr ZL Qoba
Cllr FR Botha-Rossouw	Cllr ND Hlangisa	Cllr SS Mfecane	Cllr RM Quintas
Cllr R Bresler	Cllr MW Hlazo	Cllr NE Mgoombane	Cllr X Qweshia
Cllr EN Brunette	Cllr TT Honono	Cllr JH Middleton	Cllr MH Raise
Cllr DW Bryant	Cllr VR Isaacs	Cllr PM Mngxunyeni	Cllr B Rass
Cllr KR Carls	Cllr IR Iversen	Ald S Moodley	Ald R Rau
Cllr H Carstens	Ald BM Jacobs	Cllr AC Moses	Cllr FHL Raymond
Cllr MA Cassiem	Cllr HW Jacobs	Cllr NA Moshani	Cllr N Rheeder
Cllr MF Cassim	Cllr WD Jafftha	Cllr T Mpengezi	Cllr SJ Rossouw
Ald GV Cavanagh	Cllr L Jali	Cllr S Mzobe	Cllr T Sakathi
Cllr CS Cerfontein	Cllr C Janse van Rensburg	Cllr PS Mzolisa	Cllr E Sawant
Cllr PH Chapple	Cllr EE Jansen	Cllr N Ndaleni	Cllr MM Sibunzi
Cllr MN Chitha	Cllr S John	Cllr AX Ndongeni	Cllr RZ Simboku
Cllr DJ Christians	Cllr X Joja	Ald ID Neilson	Cllr RS Simons
Cllr BR Clarke	Cllr C Jordaan	Cllr K Nethi	Cllr AJ Skippers
Cllr GJ Classen	Cllr N Jowell	Cllr BP Ngcani	Ald JD Smit
Ald CC Clayton	Ald CR Justus	Cllr B Ngcombolo	Ald JP Smith
Cllr DG Cottee	Cllr ML Kempthorne	Cllr MW Ngeyi	Cllr OK Solomons
Cllr SA Cottle	Cllr DM Khatshwa	Cllr PM Ngqu	Cllr NP Sono
Cllr AC Crous	Cllr MRH Kleinschmidt	Cllr D Ngubelanga	Cllr X Sotashe
Cllr M Dambuza	Cllr ME Kleinsmith	Cllr XW Ngwekazi	Cllr KG Southgate



GENERAL INFORMATION (continued)

Council members of the City of Cape Town (continued)

Cllr Z Sulelo	Cllr TA Uys	Cllr M Velem	Ald BRW Watkyns
Cllr PS Swart	Cllr B van der Merwe	Cllr R Viljoen	Cllr JJ Witbooi
Cllr S Taliep	Ald JFH van der Merwe	Cllr DA Visagie	Cllr J Woodman
Cllr HP Terblanche	Ald A van der Rhee	Cllr CL Visser	Cllr N Xamle
Cllr EAJ Theron	Cllr PE van der Ross	Cllr J Visser	Cllr S Yalezo
Ald TB Thompson	Cllr ML van der Walt	Cllr PP Vokwana	Cllr SK Yozi
Cllr G Timm	Cllr B van Reenen	Ald J Vos	Cllr LG Zondani
Cllr BEF Truter	Cllr CHS van Wyk	Cllr ST Vuba	
Ald GG Twigg	Cllr A van Zyl	Cllr FC Walker	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr S Arendse	14/08/2019	Cllr L McBride	12/02/2020
Cllr R Saralina	01/09/2019	Cllr C Williams	29/02/2020
Cllr C Mabona	07/11/2019	Cllr J Mare	17/05/2020
Cllr S Noludwe	31/12/2019		



SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below. Details of any changes in accounting policies are provided in note 36.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5 that outlines the GRAP Reporting Framework hierarchy. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors" as read with Directive 5.

Management has used assessments and estimates in preparing the financial statements – these are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the Municipality of Cape Town will continue to operate as a going-concern for at least the next 12 months.

OFFSETTING

Assets and liabilities, revenue and expenses are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

• Going-concern

Included in management's assessment of going concern are key financial metrics, the impact of the COVID-19 pandemic, the associated conditions of a general economic downturn, approved medium-term budgets, and the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province").

Management concluded that the going concern assumption used in the compiling of its financial statements, is appropriate.

• Materiality

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with the GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

▪ Budget information

Variances between budget and actual amounts are regarded as material when the variance is:

- 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- 5% or greater in capital expenditure.

All material differences are explained in note 37 to these financial statements.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

• **Materiality** (continued)

▪ **Qualitative thresholds**

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- if they constitute related-party transactions;
- depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- if they are likely to result in a change in accounting policy;
- if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- depending on the degree of estimation or judgement required to determine their value, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument; and
- if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

▪ **Quantitative thresholds**

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The Entity uses 0,5% to determine materiality, considering the following factors:

- Nature of the Entity's business
- Statutory requirements
- The control and inherent risks associated with the Entity
- Prudence

The level of materiality per transaction class for 2019/2020 is as follows:

Class of transactions	Level of materiality (R'000)
Revenue	218 263
Expenditure	207 194
Non-current assets	279 759
Current assets	90 201
Non-current liabilities	74 615
Current liabilities	40 820

The calculation of materiality is based on the approved final May 2020, 2019/20 adjustments budget for all classes of transactions.

Based on professional judgement the overall quantitative value of materiality for the 2019/20 financial year is set at R150,00 million.

• **Pension and other post-employment benefits**

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

• **Impairment of receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment considering factors such as socio-economic conditions, type of customer, the default period and service-specific payment histories.

The recent outbreak of COVID-19 has significantly affected the South African economy and the debtor's ability to make payments. This uncertainty is factored into the assessment of impairment and has led to an increase in the impairment – see in note 36.2 for more details.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

• Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

As part of the impairment calculation of the Cape Town International Convention Centre Company SOC Limited (RF) CTICC building and asset under construction, management has estimated the recoverable amount by calculating the value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding future cash flows and discount rates, which are disclosed in note 2.

• Significant delays in assets under construction

The Entity regards delays in assets under construction of more than one year as significant.

• Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

• Useful lives of property, plant and equipment, investment property and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

• Material losses

Material losses are losses that occur due to factors other than normal production, and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

• Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 13, 15 and 35 respectively. Provisions are discounted where the effect of discounting is material.

• Cash and non-cash-generating assets

The Entity is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the Entity's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all assets of the Entity.

The CTICC considers cash-generating assets to be those assets used to host events, being the company's core revenue stream.

• Principal agent arrangements

The Entity has entered into principal agent arrangements. Judgement is applied when making the assessment on whether the Entity is the principal or agent in the following arrangements:

- The Entity acts as a motor vehicle registering authority on behalf of the Department of Transport and Public Works for all vehicle registration and licensing in the city of cape town area. The Entity charges the customer a registration fee and licence fee. The registration fee is the Entity's compensation for acting as the agent of Province. The licence fee is paid over to Province. The total agency compensation received is reflected on the face of the Statements of Financial Performance and classified as Agency Services revenue.
- The Entity pays collection fees to various agencies to collect revenue of its behalf. The Entity is the principal in these arrangements. These arrangements include service providers that sell prepaid electricity and various payment agencies where the customer can settle their municipal account. The Entity pays these service providers a commission and the total compensation paid is reflected on the face of the Statements of Financial Performance as Collection costs.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

ADOPTION OF NEW AND REVISED STANDARDS

- **Standards and interpretations effective and adopted in the current year**

The following GRAP standards are applicable and effective in the current year:

- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
- IGRAP 18 - Recognition and derecognition of land
- IGRAP 19 - Liabilities to pay levies
- Guideline - Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
- IFRIC 22 - Foreign-currency transactions and advance consideration
- IFRIC 23 - Uncertainty Over Income Tax Treatments

These amendments have led to changes in the Entity's accounting policy for statutory receivables and amendments to the classification of receivables in line with GRAP 108.

The impact of GRAP 20, 32 and 109, IGRAP 17, 18 and 19, IFRIC 22, as well as the Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme are immaterial as the Entity has based its accounting policies on these standards in prior years.

- **Standards and interpretations early-adopted**

The Entity has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on the Guideline on Accounting for Landfill sites and Guideline on the Application of Materiality in Financial Statements.

- **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

- **Annual periods commencing on or after 1 April 2020:**

- GRAP 18 - Segment reporting
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 110 - Living and non-living resources
- IGRAP 20 - Accounting for adjustments to revenue to pay levies

These standards will be complied with in the financial statements once they take effect. Preliminary investigations indicated that GRAP 18 would require additional presentation and disclosure in the financial statements, while the impact of GRAP 34, 35, 36, 37, 38, 110 and IGRAP 20 would be immaterial.

- **Annual periods commencing on or after 1 April 2020:**

- Guideline on Accounting for Landfill Sites
- Guideline on the Application of Materiality in Financial Statements

The Entity has based its accounting policies on these guidelines, and the application of the guidelines will therefore have no impact on the financial statements.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, the City of Cape Town, and all its subsidiaries presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

CONSOLIDATION (continued)

Subsidiaries (continued)

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

Insurance reserves

• Self-insurance reserve

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

Insurance reserves (continued)

• Compensation for occupational injuries and diseases (COLD) reserve

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COLD Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COLD Act requires the Entity to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Entity's continuing liability of the Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COLD reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and paving	10 – 50	Buildings	2 – 50
Electricity	15 – 50	Other vehicles	4 – 15
Water	15 – 30	Office equipment	2 – 16
Sewerage	15 – 20	Watercraft	5
Telecommunications	10 – 30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10 – 20
		Library books	1
Community		Furniture and fittings	2 – 15
Community and recreational facilities	20 – 50	Computer equipment	2 – 9
Security	5 – 10	Plant and equipment	2 – 19
		Service concession	3 – 50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

PROPERTY, PLANT AND EQUIPMENT (continued)

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

PROPERTY, PLANT AND EQUIPMENT (continued)

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

INVENTORIES

Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories are recognised as an expense in the period in which the inventory is consumed, sold, distributed or written off, unless that cost qualifies for capitalisation to the cost of another asset.

TAXATION

Taxation on the profit or loss for the year consist of current and deferred taxation. Taxation is recognised in profit or loss.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

EMPLOYEE BENEFITS

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance, as employee-related cost, in the year during which they occur.

Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value as appropriate on initial recognition.

Standard of GRAP 108 on Statutory receivables do not require disclosure relating to the risk for these transactions. In the absence of such requirements the Entity has based its disclosure on the Standard of GRAP 104 on Financial Instruments. The risk exposure for these transactions are disclosed under a separate category "Statutory receivables" in note 1 to these financial statements.

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Non-derivative financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Derivative financial instruments

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables that arises out contractual rights are classified contractual receivables. Receivables that arises out of the operation of law rather than contractual rights are classified statutory receivables.

Contractual receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at their transaction amount in accordance with the corresponding exchange or non-exchange revenue transaction and are subsequently measured at cost.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

The budget amounts are those approved by Council both prior to and during the year following a public participation process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised unspent conditional grant and receipts' if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.



SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2020

REVENUE RECOGNITION (continued)

Revenue from non-exchange transactions (continued)

Revenue from traffic fines is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

BORROWING COST

Borrowing costs is recognised as an expense in the period in which it is incurred.

UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular and fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance, and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenditures are disclosed in notes 38.

SERVICES IN KIND

Services in kind is not recognised as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 22.

RELATED PARTIES

A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Rand thousands (R'000)

		Economic entity		Municipality of Cape Town	
	Note	2020	Restated ¹ 2019	2020	Restated ¹ 2019
ASSETS					
Non-current assets		56 923 338	52 902 375	56 552 793	52 547 899
Property, plant and equipment	2	49 595 908	46 292 153	49 082 175	45 703 232
Heritage assets	3	10 269	10 280	10 269	10 280
Investment property	4	581 247	582 961	581 247	582 961
Intangible assets	5	605 366	701 217	599 678	693 178
Investments	6	5 960 366	4 976 372	6 267 808	5 342 559
Long-term receivables	7	11 616	215 689	11 616	215 689
Deferred taxation	32.1	158 566	123 703	-	-
Current assets		19 967 772	18 765 903	19 584 521	18 405 664
Inventory	8	434 472	438 058	431 504	435 991
Receivables	9	7 425 519	7 070 805	7 341 873	7 009 230
Investments	6	2 436 051	2 532 330	2 436 051	2 532 330
Taxation		663	3 002	-	-
Current portion of long-term receivables	7	8 524	8 838	8 524	8 838
Cash and cash equivalents	10	9 662 543	8 712 870	9 366 569	8 419 275
TOTAL ASSETS		76 891 110	71 668 278	76 137 314	70 953 563
LIABILITIES					
Non-current liabilities		13 303 872	13 154 744	13 299 092	13 148 024
Borrowings	11	6 876 669	6 277 657	6 871 889	6 270 937
Provisions	13	6 427 203	6 877 087	6 427 203	6 877 087
Current liabilities		9 943 152	9 217 308	9 777 564	9 114 290
Deposits	14	532 450	452 347	419 421	410 962
Provisions	15	1 388 623	1 153 552	1 384 347	1 147 975
Payables from exchange transactions	16	6 006 772	5 753 442	5 961 972	5 699 317
Unspent conditional grants and receipts	17	1 392 172	1 298 170	1 392 172	1 298 170
Value-added tax	18	174 689	130 270	173 298	130 270
Current portion of borrowings	11	448 446	429 527	446 354	427 596
TOTAL LIABILITIES		23 247 024	22 372 052	23 076 656	22 262 314
NET ASSETS					
Total net assets		53 644 086	49 296 226	53 060 658	48 691 249
Housing development fund	19	463 210	409 351	463 210	409 351
Reserves		5 175 985	4 389 568	5 175 985	4 389 568
Accumulated surplus		47 710 727	44 174 137	47 421 463	43 892 330
Non-controlling interest		294 164	323 170	-	-
TOTAL NET ASSETS AND LIABILITIES		76 891 110	71 668 278	76 137 314	70 953 563

¹ Comparative restated: see note 36 for more



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

		Economic entity		Municipality of Cape Town	
	Note	2020	2019	2020	2019
REVENUE					
Exchange revenue		23 979 358	22 876 933	23 534 038	22 372 280
Service charges	20	20 866 331	19 754 555	20 880 394	19 765 158
Rental of letting stock and facilities		546 750	610 564	430 719	460 383
Finance income	21	1 603 709	1 411 195	1 582 511	1 391 166
Licences and permits		38 599	58 078	38 599	58 078
Agency services		200 585	230 144	200 585	230 144
Other income	22	670 902	688 962	348 779	344 089
Gains on disposal of property, plant and equipment		52 482	123 435	52 451	123 262
Non-exchange revenue		20 867 250	20 072 301	21 116 163	20 293 156
Finance income	21	109 465	92 302	109 465	92 302
Other income	22	131 010	25 533	370 404	242 162
Property rates	23	9 832 266	9 312 393	9 841 785	9 319 556
Fuel levy		2 570 486	2 558 136	2 570 486	2 558 136
Fines, penalties and forfeits		1 288 976	1 459 194	1 288 976	1 459 194
Government grants and subsidies	24	6 868 796	6 548 361	6 868 796	6 548 361
Public contributions	25	66 251	76 382	66 251	73 445
Total revenue		44 846 608	42 949 234	44 650 201	42 665 436
EXPENDITURE					
Employee-related costs	26	12 882 057	12 429 037	12 776 709	12 335 769
Remuneration of councillors and board members	39.2.2	159 812	153 100	158 912	152 357
Impairment costs	27	2 905 622	1 615 557	2 882 571	1 767 257
Collection costs		195 816	220 220	195 816	216 234
Depreciation and amortisation expenses ¹	2,4,5	2 961 174	2 857 735	2 901 939	2 802 364
Finance costs	28	808 599	754 000	807 898	753 155
Bulk purchases	29	9 871 770	8 644 621	9 871 770	8 644 621
Contracted services	30	2 294 109	2 066 606	2 113 850	2 009 736
Grants and subsidies paid		254 502	171 505	313 955	226 657
General expenses	31	8 193 641	7 586 422	8 251 342	7 505 576
Losses on disposal of property, plant and equipment		6 042	9 650	6 030	9 647
Total expenditure		40 533 144	36 508 453	40 280 792	36 423 373
NET SURPLUS FROM OPERATIONS					
		4 313 464	6 440 781	4 369 409	6 242 063
Surplus from operations before taxation					
Taxation	32.2	34 396	(5 861)	-	-
NET SURPLUS FROM OPERATIONS					
		4 347 860	6 434 920	4 369 409	6 242 063
Attributable to owners of the controlling entity					
Attributable to non-controlling interest					
		4 376 866	6 429 704		
		(29 006)	5 216		
SURPLUS FOR THE YEAR					
		4 347 860	6 434 920		

¹ See Annexure B for more details.



STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

Economic entity						
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	Total
2019						
Balance as at 1 July 2018	359 289	2 527 463	578 328	39 078 272	317 954	42 861 306
Surplus for the year	-	-	-	6 429 704	5 216	6 434 920
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226
2020						
Surplus for the year	-	-	-	4 376 866	(29 006)	4 347 860
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 710 727	294 164	53 644 086

Municipality of Cape Town					
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2019					
Balance as at 1 July 2018	359 289	2 527 463	578 328	38 984 106	42 449 186
Surplus for the year	-	-	-	6 242 063	6 242 063
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	43 892 330	48 691 249
2020					
Surplus for the year	-	-	-	4 369 409	4 369 409
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 421 463	53 060 658



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

		Economic entity		Municipality of Cape Town	
	Note	2020	2019	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		39 501 355	38 790 956	39 347 730	38 596 345
Cash paid to suppliers and employees		(33 457 431)	(30 261 445)	(33 265 559)	(30 085 454)
Cash generated from operations	33	6 043 924	8 529 511	6 082 171	8 510 891
Finance income		1 663 503	1 447 788	1 642 305	1 427 759
Finance costs		(719 628)	(693 161)	(718 927)	(692 316)
Taxation		1 872	(4 037)	-	-
NET CASH FROM OPERATING ACTIVITIES		6 989 671	9 280 101	7 005 549	9 246 334
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(6 034 689)	(5 466 264)	(5 970 668)	(5 392 818)
Proceeds on disposal of assets		85 608	152 679	73 195	151 009
Decrease in long-term receivables		10 826	7 513	10 826	7 513
Increase in investments		(886 819)	(936 183)	(886 819)	(936 202)
NET CASH FROM INVESTING ACTIVITIES		(6 825 074)	(6 242 255)	(6 773 466)	(6 170 498)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1 091 765	196 420	1 091 580	196 420
Repayment of borrowings		(386 792)	(370 744)	(384 828)	(368 901)
Increase in deposits		80 103	42 524	8 459	29 302
NET CASH FROM FINANCING ACTIVITIES		785 076	(131 800)	715 211	(143 179)
NET INCREASE IN CASH AND CASH EQUIVALENTS		949 673	2 906 046	947 294	2 932 657
Cash and cash equivalents at the beginning of the year		8 712 870	5 806 824	8 419 275	5 486 618
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		9 662 543	8 712 870	9 366 569	8 419 275



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	37.2.1	56 752 376	56 752 376	57 230 780	-	57 230 780	(478 404)	(0,84)
Total current assets	i	18 216 685	18 216 685	20 161 471	-	20 161 471	(1 944 786)	(10,68)
Total assets		74 969 061	74 969 061	77 392 251	-	77 392 251	(2 423 190)	(3,23)
Total non-current liabilities	ii	14 923 452	14 923 452	13 303 873	-	13 303 873	1 619 579	10,85
Total current liabilities	iii	8 247 523	8 247 523	9 959 919	-	9 959 919	(1 712 396)	(20,76)
Total liabilities		23 170 975	23 170 975	23 263 792	-	23 263 792	(92 817)	(0,40)
Total net assets		51 798 086	51 798 086	54 128 459	-	54 128 459	(2 330 373)	(4,50)
Total net assets and liabilities		74 969 061	74 969 061	77 392 251	-	77 392 251	(2 423 190)	(3,23)
STATEMENT OF FINANCIAL PERFORMANCE								
Property rates	37.2.2	9 897 154	9 897 154	9 823 522	239 394	10 062 916	(165 762)	(1,67)
Service charges		19 705 480	19 705 480	20 875 075	(779 933)	20 095 142	(389 662)	(1,98)
Investment revenue	i	926 334	926 334	1 713 174	(408 418)	1 304 756	(378 422)	(40,85)
Transfers recognised - operational		7 861 301	7 861 301	4 898 031	2 655 667	7 553 698	307 603	3,91
Other own revenue	ii	3 110 767	3 110 767	5 559 244	(1 997 805)	3 561 439	(450 672)	(14,49)
Total revenue (excluding capital transfers and contributions)		41 501 036	41 501 036	42 869 046	(291 095)	42 577 951	(1 076 915)	(2,59)
Employee costs		14 064 210	14 044 017	12 882 057	(1 296)	12 880 761	1 163 256	8,28
Remuneration of councillors		180 439	180 439	159 812	8 608	168 420	12 019	6,66
Debt impairment	iii	2 487 569	2 487 569	2 804 045	-	2 804 045	(316 476)	(12,72)
Depreciation and asset impairment		3 234 280	3 234 280	3 004 005	-	3 004 005	230 275	7,12
Finance charges		801 559	803 129	808 599	6 509	815 108	(11 979)	(1,49)
Materials and bulk purchases		11 200 361	11 164 658	9 871 770	1 297 840	11 169 610	(4 952)	(0,04)
Transfers and grants	iv	592 157	598 468	254 501	139 509	394 010	204 458	34,16
Other expenditure	v	9 312 584	9 360 599	10 748 355	(1 767 992)	8 980 363	380 236	4,06
Total expenditure		41 873 159	41 873 159	40 533 144	(316 822)	40 216 322	1 656 837	3,96
Surplus		(372 123)	(372 123)	2 335 902	25 727	2 361 629	(2 733 752)	
Transfers recognised - capital	vi	2 398 573	2 398 573	1 911 311	40 524	1 951 835	446 738	18,63
Contributions recognised - capital and contributed assets		-	-	66 251	(66 251)	-	-	-
Surplus after capital transfers and contributions		2 026 450	2 026 450	4 313 464	-	4 313 464	(2 287 014)	(112,86)

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	37.2.3							
Net cash from operating	i	4 610 574	4 610 574	7 073 449	-	7 073 449	(2 462 875)	(53,42)
Net cash from investing		(6 271 340)	(6 271 340)	(6 837 208)	-	(6 837 208)	565 868	(9,02)
Net cash from financing		747 798	747 798	713 432	-	713 432	34 366	4,60
Net increase in cash and cash equivalents		(912 968)	(912 968)	949 673	-	949 673	(1 862 641)	204,02
Cash/cash equivalents at the year end		7 530 759	7 530 759	9 366 569	-	9 366 569	(1 835 810)	(24,38)
CAPITAL EXPENDITURE	37.3.1							
Community Services and Health	i	331 634	331 634	283 502	(49)	283 453	48 181	14,53
Corporate Services	ii	172 410	172 410	157 647	-	157 647	14 763	8,56
Economic Opportunities and Asset Management		399 051	399 051	391 416	-	391 416	7 635	1,91
Energy and Climate Change	iii	697 874	697 874	622 239	-	622 239	75 635	10,84
Finance	iv	92 524	92 524	63 051	-	63 051	29 473	31,85
Human Settlements		899 243	899 243	1 050 193	(191 896)	858 297	40 946	4,55
Office of the City Manager	v	1 418	1 418	1 329	-	1 329	89	6,28
Safety and Security		437 414	437 414	429 428	-	429 428	7 986	1,83
Spatial Planning and Environment	vi	58 186	58 186	54 787	(11)	54 776	3 410	5,86
Transport	vii	1 245 863	1 245 863	873 070	-	873 070	372 793	29,92
Urban Management	viii	83 761	83 761	57 351	-	57 351	26 410	31,53
Water and Waste Services	ix, x	2 289 261	2 289 261	2 140 071	38 540	2 178 611	110 650	4,83
Subsidiaries	xi	70 963	70 963	64 021	-	64 021	6 942	9,78
Total		6 779 602	6 779 602	6 188 105	(153 416)	6 034 689	744 913	10,99

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	37.2.1	55 951 867	55 951 867	56 552 793	-	56 552 793	(600 926)	(1,07)
Total current assets		18 040 216	18 040 216	19 584 521	-	19 584 521	(1 544 305)	(8,56)
Total assets		73 992 083	73 992 083	76 137 314	-	76 137 314	(2 145 231)	(2,90)
Total non-current liabilities	i	14 923 026	14 923 026	13 299 092	-	13 299 092	1 623 934	10,88
Total current liabilities	ii	8 163 924	8 163 924	9 777 564	-	9 777 564	(1 613 640)	(19,77)
Total liabilities		23 086 950	23 086 950	23 076 656	-	23 076 656	10 294	0,04
Total net assets		50 905 133	50 905 133	53 060 658	-	53 060 658	(2 155 525)	(4,23)
Total net assets and liabilities		73 992 083	73 992 083	76 137 314	-	76 137 314	(2 145 231)	(2,90)
FINANCIAL PERFORMANCE								
Property rates	37.2.2	9 897 154	9 897 154	9 841 785	239 394	10 081 179	(184 025)	(1,86)
Service charges		19 705 480	19 705 480	20 880 394	(779 933)	20 100 461	(394 981)	(2,00)
Investment revenue	i	912 473	912 473	1 691 976	(408 418)	1 283 558	(371 085)	(40,67)
Transfers recognised - operational		7 861 301	7 861 301	4 957 485	2 596 213	7 553 698	307 603	3,91
Other own revenue	ii	2 877 662	2 877 662	5 300 999	(1 938 351)	3 362 648	(484 986)	(16,85)
Total revenue (excluding capital transfers and contributions)		41 254 070	41 254 070	42 672 639	(291 095)	42 381 544	(1 127 474)	(2,73)
Employee costs		13 957 734	13 937 541	12 776 709	(1 296)	12 775 413	1 162 128	8,34
Remuneration of councillors		179 818	179 818	158 912	8 608	167 520	12 298	6,84
Debt impairment	iii	2 487 569	2 487 569	2 804 042	-	2 804 042	(316 473)	(12,72)
Depreciation and asset impairment		3 040 783	3 040 783	2 921 723	-	2 921 723	119 060	3,92
Finance charges		800 816	802 386	807 898	6 509	814 407	(12 021)	(1,50)
Materials and bulk purchases		11 200 361	11 164 658	9 871 770	1 297 840	11 169 610	(4 952)	(0,04)
Transfers and grants	iv	592 157	598 468	313 955	139 509	453 464	145 004	24,23
Other expenditure		9 179 521	9 227 536	10 625 783	(1 767 992)	8 857 791	369 745	4,01
Total expenditure		41 438 759	41 438 759	40 280 792	(316 822)	39 963 970	1 474 789	3,56
Surplus		(184 689)	(184 689)	2 391 847	25 727	2 417 574	(2 602 263)	
Transfers recognised - capital	v	2 398 573	2 398 573	1 911 311	40 524	1 951 835	446 738	18,63
Contributions recognised - capital and contributed assets		-	-	66 251	(66 251)	-	-	-
Surplus after capital transfers and contributions		2 213 884	2 213 884	4 369 409	-	4 369 409	(2 155 525)	(97,36)

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT								
Net cash from operating	37.2.3 i	4 575 259	4 575 259	7 005 549	-	7 005 549	(2 430 290)	(53,12)
Net cash from investing		(6 211 573)	(6 211 573)	(6 773 466)	-	(6 773 466)	561 893	(9,05)
Net cash from financing		747 798	747 798	715 211	-	715 211	32 587	4,36
Net increase in cash and cash equivalents		(888 516)	(888 516)	947 294	-	947 294	(1 835 810)	206,62
Cash/cash equivalents at the year end		7 530 759	7 530 759	9 366 569	-	9 366 569	(1 835 810)	(24,38)
CAPITAL EXPENDITURE								
Community Services and Health	37.3.1 i	331 634	331 634	283 502	(49)	283 453	48 181	14,53
Corporate Services	ii	172 410	172 410	157 647	-	157 647	14 763	8,56
Economic Opportunities and Asset Management		399 051	399 051	391 416	-	391 416	7 635	1,91
Energy and Climate Change	iii	697 874	697 874	622 239	-	622 239	75 635	10,84
Finance	iv	92 524	92 524	63 051	-	63 051	29 473	31,85
Human Settlements		899 243	899 243	1 050 193	(191 896)	858 297	40 946	4,55
Office of the City Manager	v	1 418	1 418	1 329	-	1 329	89	6,28
Safety and Security		437 414	437 414	429 428	-	429 428	7 986	1,83
Spatial Planning and Environment	vi	58 186	58 186	54 787	(11)	54 776	3 410	5,86
Transport	vii	1 245 863	1 245 863	873 070	-	873 070	372 793	29,92
Urban Management	viii	83 761	83 761	57 351	-	57 351	26 410	31,53
Water and Waste Services	ix, x	2 289 261	2 289 261	2 140 071	38 540	2 178 611	110 650	4,83
Total		6 708 639	6 708 639	6 124 084	(153 416)	5 970 668	737 971	11,00

¹ See note 37 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, the policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Economic entity			
	Amortised costs	Fair value	Total carrying amount	Fair value
2020				
Financial assets				
Investments	2 916 392	5 480 025	8 396 417	8 545 364
Long-term receivables	20 140	-	20 140	20 140
Contractual receivables	4 238 595	-	4 238 595	4 238 595
Cash and cash equivalents	8 392 977	1 269 566	9 662 543	9 662 543
TOTAL	15 568 104	6 749 591	22 317 695	22 466 642
Statutory assets				
Receivables	3 128 073	-	3 128 073	3 128 073
2019				
Financial assets				
Investments	2 644 041	4 864 661	7 508 702	7 598 769
Long-term receivables	32 631	-	32 631	32 631
Contractual receivables	4 217 134	-	4 217 134	4 217 134
Cash and cash equivalents	8 031 144	681 726	8 712 870	8 712 870
TOTAL	14 924 950	5 546 387	20 471 337	20 561 404
Statutory assets				
Receivables	2 737 275	-	2 737 275	2 737 275

The 2019 comparative amount has been restated - see note 36.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

	Municipality of Cape Town				
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
2020					
Financial assets					
Investments	2 916 392	5 480 025	307 442	8 703 859	8 852 806
Long-term receivables	20 140	-	-	20 140	20 140
Contractual receivables	4 152 881	-	-	4 152 881	4 152 881
Cash and cash equivalents	8 097 003	1 269 566	-	9 366 569	9 366 569
TOTAL	15 186 416	6 749 591	307 442	22 243 449	22 392 396

Statutory assets

Receivables	3 130 318	-	-	3 130 318	3 130 318
-------------	-----------	---	---	-----------	-----------

2019

Financial assets

Investments	2 644 041	4 864 661	366 187	7 874 889	7 959 637
Long-term receivables	32 631	-	-	32 631	32 631
Contractual receivables	4 153 072	-	-	4 153 072	4 153 072
Cash and cash equivalents	7 737 549	681 726	-	8 419 275	8 419 275
TOTAL	14 567 293	5 546 387	366 187	20 479 867	20 564 615

Statutory assets

Receivables	2 739 762	-	-	2 739 762	2 739 762
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	Economic entity		
	Amortised cost	Total carrying amount	Fair value
2020			
Non-derivative financial liabilities			
Borrowings	7 325 115	7 325 115	8 012 381
Payables	5 016 065	5 016 065	5 016 065
TOTAL	12 341 180	12 341 180	13 028 446

2019

Non-derivative financial liabilities

Borrowings	6 707 184	6 707 184	7 218 312
Payables	4 839 444	4 839 444	4 839 444
TOTAL	11 546 628	11 546 628	12 057 756

Derivative financial liabilities

Forward exchange contracts	56	56	56
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	Municipality of Cape Town		
	Amortised cost	Total carrying amount	Fair value
2020			
Non-derivative financial liabilities			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	4 971 265	4 971 265	4 971 265
TOTAL	12 289 508	12 289 508	12 976 774

2019

Non-derivative financial liabilities

Borrowings	6 698 533	6 698 533	7 209 661
Payables	4 785 319	4 785 319	4 785 319
TOTAL	11 483 852	11 483 852	11 994 980

Derivative financial liabilities

Forward exchange contracts	56	56	56
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT *(continued)*

1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Economic entity			
	Level 1	Level 2	Level 3	Total
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 325 115	-	-	7 325 115
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Financial liabilities				
Borrowings	6 698 533	-	-	6 698 533
Derivative financial liabilities				
Forward exchange contracts	56	-	-	56



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 Fair values (continued)

	Municipality of Cape Town			
	Level 1	Level 2	Level 3	Total
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 318 243	-	-	7 318 243
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Financial liabilities				
Borrowings	6 707 184	-	-	6 707 184
Derivative financial liabilities				
Forward exchange contracts	56	-	-	56

1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Economic entity			
	Up to 1 year	1-5 years	>5 years	Total
2020				
Non-derivative financial liabilities				
Borrowings	1 179 913	7 748 659	1 732 430	10 661 002
Capital repayments	448 584	5 496 939	1 379 592	7 325 115
Interest	731 329	2 251 720	352 838	3 335 887
Payables	5 016 065	-	-	5 016 065
TOTAL	6 195 978	7 748 659	1 732 430	15 677 067
	Municipality of Cape Town			
	Up to 1 year	1-5 years	>5 years	Total
2020				
Non-derivative financial liabilities				
Borrowings	1 177 684	7 744 016	1 732 430	10 654 130
Capital repayments	446 355	5 492 296	1 379 592	7 318 243
Interest	731 329	2 251 720	352 838	3 335 887
Payables	4 971 265	-	-	4 971 265
TOTAL	6 148 949	7 744 016	1 732 430	15 625 395



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
Financial assets	22 323 014	20 471 337	21 941 326	20 118 999
Investments	8 401 736	7 514 021	8 401 736	7 514 021
Long-term receivables – see note 7	20 140	32 631	20 140	32 631
Contractual receivables	4 238 595	4 217 134	4 152 881	4 153 072
Cash and cash equivalents	9 662 543	8 712 870	9 366 569	8 419 275
Statutory assets				
Receivables	3 128 073	2 737 275	3 130 318	2 739 762
TOTAL	25 451 087	23 213 931	25 071 644	22 858 761

The 2019 comparative amount has been restated - see note 36.

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest trade debtors represent R231,06 million (2019: R174,30 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.5 Price risk

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates may affect the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2020 were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

Economic entity					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	7.720	3 705 617	5 867 819	97 866	9 671 302
Cash and cash equivalents	4.770	8 392 977	-	-	8 392 977
TOTAL		12 098 594	5 867 819	97 866	18 064 279
Financial liabilities					
Borrowings	9.941	448 584	5 496 939	1 379 592	7 325 115

Municipality of Cape Town					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	7.720	3 705 617	5 867 819	97 866	9 671 302
Cash and cash equivalents	4.770	8 097 003	-	-	8 097 003
TOTAL		11 802 620	5 867 819	97 866	17 768 305
Financial liabilities					
Borrowings	9.941	446 355	5 492 296	1 379 592	7 318 243

Sensitivity analysis

Financial assets

As at 30 June 2020, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R181,29 million, with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2020 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT

Economic entity						
As at 30 June 2020			As at 30 June 2019			
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 933 547	(2 064 171)	3 869 376	5 551 734	(1 898 592)	3 653 142
Infrastructure	46 606 369	(14 877 557)	31 728 812	42 645 904	(13 397 550)	29 248 354
Community	5 121 508	(1 642 841)	3 478 667	9 483 241	(3 238 814)	6 244 427
Other	11 383 112	(6 399 128)	4 983 984	10 354 849	(5 926 826)	4 428 023
Service concession	6 123 470	(2 660 250)	3 463 220	1 382 175	(675 334)	706 841
Housing rental stock	3 237 642	(1 165 793)	2 071 849	3 102 806	(1 091 440)	2 011 366
TOTAL	78 405 648	(28 809 740)	49 595 908	72 520 709	(26 228 556)	46 292 153

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2020							
Land and buildings	3 653 142	192 800	189 121	(17)	(83 653)	(82 017)	3 869 376
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 428 023	(78 418)	1 440 784	(16 217)	(788 694)	(1 494)	4 983 984
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	46 292 153	80 639	6 153 727	(27 067)	(2 801 745)	(101 799)	49 595 908

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	3 424 439	213 062	101 935	(260)	(79 557)	(6 477)	3 653 142
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 094 893	(147 880)	1 253 498	(19 829)	(749 792)	(2 867)	4 428 023
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 736 668	(27 084)	5 357 605	(38 074)	(2 704 766)	(32 196)	46 292 153



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Municipality of Cape Town						
As at 30 June 2020			As at 30 June 2019			
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 501 874	(1 044 104)	3 457 770	4 159 361	(984 941)	3 174 420
Infrastructure	46 606 369	(14 877 557)	31 728 812	42 645 904	(13 397 550)	29 248 354
Community	5 121 508	(1 642 841)	3 478 667	9 483 241	(3 238 814)	6 244 427
Other	11 124 561	(6 242 704)	4 881 857	10 106 002	(5 788 178)	4 317 824
Service concession	6 123 470	(2 660 250)	3 463 220	1 382 175	(675 334)	706 841
Housing rental stock	3 237 642	(1 165 793)	2 071 849	3 102 806	(1 091 440)	2 011 366
TOTAL	76 715 424	(27 633 249)	49 082 175	70 879 489	(25 176 257)	45 703 232

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2020							
Land and buildings	3 174 420	192 800	149 700	-	(59 148)	(2)	3 457 770
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 317 824	(78 418)	1 417 983	(15 924)	(758 114)	(1 494)	4 881 857
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	45 703 232	80 639	6 091 505	(26 757)	(2 746 660)	(19 784)	49 082 175

(See annexure B for more details.)

As at 30 June 2019							
Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 153 766	(17 719)	5 286 847	(37 369)	(2 652 645)	(29 648)	45 703 232

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
Assets under construction – carrying value				
Land and buildings	80 214	62 982	-	-
Infrastructure	3 096 336	2 525 750	3 096 336	2 525 750
Community	98 487	168 214	98 487	168 214
Service Concession	39 276	-	39 276	-
Other	279 911	218 124	279 911	218 124
TOTAL	3 594 224	2 975 070	3 514 010	2 912 088
PPE projects				
<i>Significantly delay</i>				
Land and buildings	80 214	62 982	-	-
Infrastructure	12 050	13 517	12 050	13 517
Community	5 864	568	5 864	568
TOTAL	98 128	77 067	17 914	14 085
The significant delays in the current year are mainly due to delays in the completion of certain Information Systems and Technology (IS&T) broadband infrastructure worth R4.92 million and the roll-out of a new law enforcement base worth R5.21 million				
Included is the costs that incurred on the expansion of the convention centre (CTICC 2), and the portion of the works still to be completed as well as other projects at CTICC 1.				
<i>Halted</i>				
Infrastructure	4 052	133 996	4 052	133 996
Community	379	17 366	379	17 366
TOTAL	4 431	151 362	4 431	151 362
The halted projects in the current year are mainly due to temporary shutdown of turbines at the Wemmershoek Dam worth R3,17 million.				

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
Capital commitments - approved and contracted for capital expenditure				
Infrastructure	3 465 411	3 294 374	3 465 411	3 294 374
Community	35 866	3 864	35 866	3 864
Other	156 860	74 607	154 538	56 299
TOTAL	3 658 137	3 372 845	3 655 815	3 354 537

Capital commitments represent future capital expenditure, exclusive of VAT. The Entity is obligated to spend these amounts due to signed contracts with suppliers.

Repairs and maintenance

An amount of R2.71 billion (2019: R2.60 billion) was spent during the year under review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 36).

Service concession assets

The City has made service concession arrangements with three operators on the MyCiti IRT system as well as with the Cape Town Stadium (RF) SOC. Included are IRT buses, related depots and the Cape Town Stadium. The City does however retain full control over the nature and extent of the services that the operators must perform.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R0.76 million (2019: R12.77 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets

A value-in-use amount of R430,6 million (2019: R512,9 million) was determined for the CTICC 1 and CTICC 2 buildings combined. The current carrying value of R512,6 million (2019: R515,4 million) was established for the relevant assets in that cash-generating unit. This has resulted in the recognition of an impairment loss of R82,0 million (2019: R2,5 million).

The considerations, methods and significant assumptions applied in arriving at the value-in-use are as follows:

- Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- The value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- No value could be attached to the Convention Centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- The two buildings of the business are considered a single cash-generating unit and are evaluated accordingly when testing for impairment.
- The value-in-use was estimated using a discounted flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional 4 years assuming inflationary revenue growth of 7% for both CTICC 1 and CTICC 2.
- A discount rate of 13,23% (2019: 13,41%) was used. This was calculated using the risk-free rate of 9,23% (2019: 8,10%) associated with the R2030 bond, adjusted by 4,00 percentage points to take into account the company's long-term borrowing cost of 6,50% (2019: 9,30%), a Beta coefficient of 0,76 (2019: 0,90), as well as a market risk premium of 6,10% (2019: 6,10%) for uncertainty regarding the timing and extent of future cash flows.

1. HERITAGE ASSETS

	Economic entity					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 269	-	10 269	10 280	-	10 280

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2020					
Paintings and museum items	10 280	-	-	(11)	10 269
(See annexure B for more details.)					
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280

Heritage assets are held at cost, as it is impractical to determine their fair value.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

3. HERITAGE ASSETS (continued)

Municipality of Cape Town						
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 269	-	10 269	10 280	-	10 280

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2020					
Paintings and museum items	10 280	-	-	(11)	10 269

(See annexure B for more details.)

As at 30 June 2019

Paintings and museum items	8 891	-	1 389	-	10 280
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4. INVESTMENT PROPERTY

Economic entity						
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(61 396)	581 247	642 643	(59 682)	582 961

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2020						
Land and buildings	582 961	-	-	(1 714)	-	581 247

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

4. INVESTMENT PROPERTY (continued)

Municipality of Cape Town						
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(61 396)	581 247	642 643	(59 682)	582 961

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2020						
Land and buildings	582 961	-	-	(1 714)	-	581 247

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961
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Repairs and maintenance

An amount of R2,37 million (2019: R4,58 million) was spent during the year under review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

5. INTANGIBLE ASSETS

Economic entity						
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(424 815)	136 626	561 441	(354 637)	206 804
Computer software	1 201 811	(733 071)	468 740	1 140 773	(646 360)	494 413
TOTAL	1 763 252	(1 157 886)	605 366	1 702 214	(1 000 997)	701 217

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
As at 30 June 2020						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	494 413	27 492	34 378	(87 537)	(6)	468 740
TOTAL	701 217	27 492	34 378	(157 715)	(6)	605 366

(See annexure B for more details.)

As at 30 June 2019

Acquisition of rights	276 984	-	-	(70 180)	-	206 804
Computer software	439 056	26 302	110 130	(81 075)	-	494 413
TOTAL	716 040	26 302	110 130	(151 255)	-	701 217



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

5. INTANGIBLE ASSETS (continued)

Municipality of Cape Town						
As at 30 June 2020			As at 30 June 2019			
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(424 815)	136 626	561 441	(354 637)	206 804
Computer software	1 188 862	(725 810)	463 052	1 129 306	(642 932)	486 374
TOTAL	1 750 303	(1 150 625)	599 678	1 690 747	(997 569)	693 178

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposal	Carrying value
As at 30 June 2020						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	486 374	27 492	32 579	(83 387)	(6)	463 052
TOTAL	693 178	27 492	32 579	(153 565)	(6)	599 678

(See annexure B for more details.)

As at 30 June 2019

Acquisition of rights	276 984	-	-	(70 180)	-	206 804
Computer software	439 025	17 732	107 442	(77 825)	-	486 374
TOTAL	716 009	17 732	107 442	(148 005)	-	693 178

6. INVESTMENTS

Economic entity				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
	10 741 429	6 749 591	-	17 491 02
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 736 110	6 749 591	-	17 485 70
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
TOTAL	2 819 839	3 140 527	-	5 960 366
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 669 483	-	-	7 669 483
Deposits held with fund managers	-	5 546 387	-	5 546 387
	10 255 496	5 546 387	-	15 801 883
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 250 177	5 546 387	-	15 796 564
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 10	(7 606 136)	(681 726)	-	(8 287 862)
TOTAL	2 570 708	2 405 664	-	4 976 372



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

6. INVESTMENTS (continued)

Municipality of Cape Town				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
Shares in CTICC	-	-	833 998	833 998
	10 741 429	6 749 591	833 998	18 325 018
Provision for impairment	(5 319)	-	(526 556)	(531 875)
Net investments	10 736 110	6 749 591	307 442	17 793 143
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
TOTAL	2 819 839	3 140 527	307 442	6 267 808

As at 30 June 2019

RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
Net investments	10 079 117	5 546 387	366 187	15 991 691
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 10	(7 435 076)	(681 726)	-	(8 116 802)
TOTAL	2 570 708	2 405 664	366 187	5 342 559

Guaranteed investment instruments

A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for repayment of the long-term liabilities – see note 11.

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits which have been reduced to a carrying value of Rnil in the current year (2019: R20 thousand), which were pledged as security deposits for securing staff home loans with financial institutions.

No further pledges of this kind will be made in the future as the City has not issued fixed deposits as security since 2000.

Compensation for occupational injuries and diseases (COID investments)

In terms of the COID Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R72,01 million (2019: R82,57 million) and cash backed guarantees of R78,47 million (2019: R63,34 million).



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

7. LONG-TERM RECEIVABLES

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
Exchange transactions				
Other	703	897	703	897
Provision for impairment	(210)	(273)	(210)	(273)
	493	624	493	624
Housing selling developments	23 256	33 888	23 256	33 888
Provision for impairment	(3 609)	(1 881)	(3 609)	(1 881)
	19 647	32 007	19 647	32 007
Payments made in advance	-	191 896	-	191 896
	20 140	224 527	20 140	224 527
Transferred to current receivables	(8 524)	(8 838)	(8 524)	(8 838)
TOTAL	11 616	215 689	11 616	215 689

	2020	2019	2020	2019
Reconciliation of impairment provision				
Balance at beginning of the year	2 154	12 002	2 154	12 002
Contribution to/from provisions	1 665	(9 848)	1 665	(9 848)
Balance as at 30 June	3 819	2 154	3 819	2 154

7.1 Other

Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,25% (2019: 10,25%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties, resulting in an increase in the level of payments received, and has therefore seen a significant decrease in the provision for impairment.

7.3 Payments made in advance

A payment relating to the Urban Settlement Development Grant (USDG) was paid in advance to Province - Department of Human Settlements for the construction of certain housing development infrastructure. In the current year these projects were completed and the infrastructure transferred to the City of Cape Town.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

8. INVENTORY

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
Consumable stock	296 382	331 558	293 414	329 491
Water	48 686	48 631	48 686	48 631
Other goods held for use/resale	89 404	57 869	89 404	57 869
TOTAL	434 472	438 058	431 504	435 991

Inventory to the value of R3,56 million (2019: R0,52 million) was scrapped and R468,25 million (2019: R579,57 million) was expensed during the year.

9. RECEIVABLES

Economic entity						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
From non-exchange transactions	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
Property rates debtors	3 713 518	(1 202 448)	2 511 070	3 234 505	(989 747)	2 244 758
CID property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Government subsidies	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Contractual	9 226 860	(4 929 414)	4 297 446	8 213 856	(3 880 326)	4 333 530
From exchange transactions	9 209 285	(4 929 414)	4 279 871	8 181 734	(3 880 326)	4 301 408
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Other receivables	734 789	(200 225)	534 564	507 802	(160 391)	347 411
Payments made in advance	58 851	-	58 851	116 396	-	116 396
From non-exchange transactions	17 575	-	17 575	32 122	-	32 122
Other receivables	17 575	-	17 575	32 122	-	32 122
	15 206 154	(7 780 635)	7 425 519	13 498 436	(6 427 631)	7 070 805

As at 30 June 2020, the receivables balance included an amount of R267,00 million (2019: R241,28 million), owed by National Government and Province.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

RECONCILIATION OF IMPAIRMENT PROVISION

Economic entity			
2020	Statutory	Contractual	TOTAL
Balance at beginning of the year	2 547 305	3 880 326	6 427 631
Contributions to provisions	1 276 221	1 497 787	2 774 008
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	2 851 221	4 929 414	7 780 635

2019

Balance at beginning of the year	2 275 223	3 641 212	5 916 435
Contributions to provisions	1 280 079	664 605	1 944 684
Transfers from provisions	(6 087)	(1 128)	(7 215)
Bad debts written off	(1 001 910)	(424 363)	(1 426 273)
Balance as at 30 June	2 547 305	3 880 326	6 427 631

ANALYSIS OF RECEIVABLES' AGE IN DAYS

	STATUTORY RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
Property rates debtors	3 713 518	(1 202 448)	2 511 070	3 234 505	(989 747)	2 244 758
Not past due date	1 662 410	-	1 662 410	1 783 211	(75 870)	1 707 341
Past due						
0-90	528 212	(4 820)	523 392	160 524	(6 820)	153 704
91-180	227 587	(36 408)	191 179	172 572	(7 332)	165 240
181-365	250 488	(110 490)	139 998	228 168	(9 695)	218 473
365+	1 044 821	(1 050 730)	(5 909)	890 030	(890 030)	-
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Not past due date	31 228	(418)	30 810	27 493	(1 912)	25 581
Past due						
0-90	26 400	(354)	26 046	9 035	(628)	8 407
91-180	7 631	(102)	7 529	17 445	(1 213)	16 232
181-365	5 481	(73)	5 408	6 589	(459)	6 130
365+	5 516	(5 516)	-	754	(754)	-
Government subsidies	205 828	-	205 828	99 856	-	99 856
Not past due date	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Past due						
0-90	165 958	(137 398)	28 560	298 727	(244 531)	54 196
91-180	304 853	(252 389)	52 464	270 670	(221 565)	49 105
181-365	573 836	(475 082)	98 754	506 140	(414 315)	91 825
365+	939 045	(777 441)	161 604	813 366	(672 181)	141 185
TOTAL	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

Economic entity - continued						
CONTRACTUAL RECEIVABLES						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	9 209 285	(4 929 414)	4 279 668	8 181 734	(3 880 326)	4 301 408
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Not past due date	847 990	-	847 990	921 748	(20 239)	901 509
Past due						
0-90	587 898	3 141)	584 757	383 621	8 423)	375 198
91-180	137 516	(21 553)	115 963	76 601	(1 682)	74 919
181-365	121 458	(47 937)	73 521	123 020	(2 702)	120 318
365+	398 495	(387 684)	10 811	326 819	(326 819)	-
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Not past due date	284 947	-	284 947	465 228	(60 092)	405 136
Past due						
0-90	410 902	(30 981)	379 921	280 770	(36 266)	244 504
91-180	229 282	(74 644)	154 638	169 128	(21 846)	147 282
181-365	298 011	(152 255)	145 756	693 459	(89 572)	603 887
365+	1 836 165	(1 813 643)	22 522	1 415 813	(1 415 813)	-
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Not past due date	105 619	-	105 619	131 139	(15 500)	115 639
Past due						
0-90	142 479	(16 334)	126 145	88 237	(10 429)	77 808
91-180	86 625	(42 180)	44 445	37 129	(4 389)	32 740
181-365	138 328	(87 553)	50 775	71 377	(8 436)	62 941
365+	447 854	(438 355)	9 499	360 117	(360 117)	-
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Not past due date	315 753	-	315 753	261 506	(27 275)	234 231
Past due						
0-90	203 400	(9 517)	193 883	60 455	(6 306)	54 149
91-180	94 892	(36 263)	58 629	67 955	(7 088)	60 867
181-365	124 515	(69 917)	54 598	186 613	(19 463)	167 150
365+	640 523	(629 039)	11 484	524 000	(524 000)	-
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Not past due date	78 154	(53 533)	24 621	78 082	(21 364)	56 718
Past due						
0-90	66 968	(45 871)	21 097	34 788	(9 518)	25 270
91-180	24 222	(16 591)	7 631	21 228	(5 808)	15 420
181-365	69 007	(47 267)	21 740	51 148	(13 994)	37 154
365+	523 745	(523 745)	-	529 038	(529 038)	-
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Not past due date	2 917	(731)	2 186	2 091	(151)	1 940
Past due						
0-90	15 339	(4 344)	10 995	14 287	(1 580)	12 707
91-180	(1 455)	354	(1 101)	883	(44)	839
181-365	10 158	(2 527)	7 631	9 759	(484)	9 275
365+	173 938	(173 938)	-	171 497	(171 497)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

Economic entity - continued						
CONTRACTUAL RECEIVABLES - continued						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS						
Other receivables	734 789	(200 225)	534 361	507 802	(160 391)	347 411
Not past due date	454 632	(3 017)	451 615	234 811	(2 050)	232 761
Past due						
0-90	64 990	(5 018)	59 972	90 346	(2 685)	87 661
91-180	(11 015)	698	(10 520)	15 419	(571)	14 848
181-365	36 836	(7 925)	28 911	12 550	(409)	12 141
365+	189 346	(184 963)	4 383	154 676	(154 676)	-
Payments made in advance	58 851	-	58 851	116 396	-	116 396
Not past due date	58 851	-	58 851	116 396	-	116 396
FROM NON-EXCHANGE TRANSACTIONS						
Other receivables	17 575	-	17 575	32 122	-	32 122
Not past due date	17 575	-	17 575	32 122	-	32 122
TOTAL	9 226 860	(4 929 414)	4 297 243	8 213 856	(3 880 326)	4 333 530

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts. Debtors to the value of R735,47 million (2019: R818,72 million) have arranged to repay their outstanding arrear debt over a renegotiated period.

The 2019 comparative amount has been restated - see note 36.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

Municipality of Cape Town						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
From non-exchange transactions	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
Property rates debtors	3 715 763	(1 202 448)	2 513 315	3 236 992	(989 747)	2 247 245
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Government subsidies	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Contractual	9 139 683	(4 928 128)	4 211 555	8 148 111	(3 878 643)	4 269 468
From exchange transactions	9 122 108	(4 928 128)	4 193 980	8 115 989	(3 878 643)	4 237 346
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Other receivables	647 789	(198 939)	448 850	442 057	(158 708)	283 349
Payments made in advance	58 674	-	58 674	116 396	-	116 396
From non-exchange transactions	17 575	-	17 575	32 122	-	32 122
Other receivables	17 575	-	17 575	32 122	-	32 122
TOTAL	15 121 222	(7 779 349)	7 341 873	13 435 178	(6 425 948)	7 009 230

RECONCILIATION OF IMPAIRMENT PROVISION

2020

Balance at beginning of the year
Contributions to provisions
Transfers from provisions
Bad debts written off
Balance as at 30 June

Statutory	Contractual	TOTAL
2 547 305	3 878 643	6 425 948
1 276 221	1 498 184	2 774 405
(5 684)	(45 405)	(51 089)
(966 621)	(403 294)	(1 369 915)
2 851 221	4 928 128	7 779 349

2019

Balance at beginning of the year
Contributions to provisions
Transfers from provisions
Bad debts written off
Balance as at 30 June

2 275 223	3 640 134	5 915 357
1 280 079	664 000	1 944 079
(6 087)	(1 128)	(7 215)
(1 001 910)	(424 363)	(1 426 273)
2 547 305	3 878 643	6 425 948



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS

Municipality of Cape Town - continued						
STATUTORY RECEIVABLES						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
Property rates debtors	3 715 763	(1 202 448)	2 513 315	3 236 992	(989 747)	2 247 245
Not past due date	1 664 655	-	1 664 655	1 785 698	(75 870)	1 709 828
Past due						
0-90	528 212	(4 820)	523 392	160 524	(6 820)	153 704
91-180	227 587	(36 408)	191 179	172 572	(7 332)	165 240
181-365	250 488	(110 490)	139 998	228 168	(9 695)	218 473
365+	1 044 821	(1 050 730)	(5 909)	890 030	(890 030)	-
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	6 350
Not past due date	31 228	(418)	30 810	27 493	(1 912)	25 581
Past due						
0-90	26 400	(354)	26 046	9 035	(628)	8 407
91-180	7 631	(102)	7 529	17 445	(1 213)	16 232
181-365	5 481	(73)	5 408	6 589	(459)	6 130
365+	5 516	(5 516)	-	754	(754)	-
Government subsidies	205 828	-	205 828	99 856	-	99 856
Not past due date	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Past due						
0-90	165 958	(137 398)	28 560	298 727	(244 531)	54 196
91-180	304 853	(252 389)	52 464	270 670	(221 565)	49 105
181-365	573 836	(475 082)	98 754	506 140	(414 315)	91 825
365+	939 045	(777 441)	161 604	813 366	(672 181)	141 185
TOTAL	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

Municipality of Cape Town - continued						
CONTRACTUAL RECEIVABLES - continued						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	9 122 108	(4 928 128)	4 193 980	8 115 989	(3 878 643)	4 237 346
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Not past due date	847 990	-	847 990	921 748	(20 239)	901 509
Past due						
0-90	587 898	(3 141)	584 757	383 621	(8 423)	375 198
91-180	137 516	(21 553)	115 963	76 601	(1 682)	74 919
181-365	121 458	(47 937)	73 521	123 020	(2 702)	120 318
365+	398 495	(387 684)	10 811	326 819	(326 819)	-
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Not past due date	284 947	-	284 947	465 228	(60 092)	405 136
Past due						
0-90	410 902	(30 981)	379 921	280 770	(36 266)	244 504
91-180	229 282	(74 644)	154 638	169 128	(21 846)	147 282
181-365	298 011	(152 255)	145 756	693 459	(89 572)	603 887
365+	1 836 165	(1 813 643)	22 522	1 415 813	(1 415 813)	-
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Not past due date	105 619	-	105 619	131 139	(15 500)	115 639
Past due						
0-90	142 479	(16 334)	126 145	88 237	(10 429)	77 808
91-180	86 625	(42 180)	44 445	37 129	(4 389)	32 740
181-365	138 328	(87 553)	50 775	71 377	(8 436)	62 941
365+	447 854	(438 355)	9 499	360 117	(360 117)	-
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Not past due date	315 753	-	315 753	261 506	(27 275)	234 231
Past due						
0-90	203 400	(9 517)	193 883	60 455	(6 306)	54 149
91-180	94 892	(36 263)	58 629	67 955	(7 088)	60 867
181-365	124 515	(69 917)	54 598	186 613	(19 463)	167 150
365+	640 523	(629 039)	11 484	524 000	(524 000)	-
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Not past due date	78 154	(53 533)	24 621	78 082	(21 364)	56 718
Past due						
0-90	66 968	(45 871)	21 097	34 788	(9 518)	25 270
91-180	24 222	(16 591)	7 631	21 228	(5 808)	15 420
181-365	69 007	(47 267)	21 740	51 148	(13 994)	37 154
365+	523 745	(523 745)	-	529 038	(529 038)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

Municipality of Cape Town - continued						
CONTRACTUAL RECEIVABLES - continued						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS						
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Not past due date	2 917	(731)	2 186	2 091	(151)	1 940
Past due						
0-90	15 339	(4 344)	10 995	14 287	(1 580)	12 707
91-180	(1 455)	354	(1 101)	883	(44)	839
181-365	10 158	(2 527)	7 631	9 759	(484)	9 275
365+	173 938	(173 938)	-	171 497	(171 497)	-
Other receivables	647 789	(198 939)	448 850	442 057	(158 708)	283 349
Not past due date	367 835	(1 731)	366 104	234 811	(2 050)	232 761
Past due						
0-90	64 990	(5 018)	59 972	25 959	(1 002)	24 957
91-180	(11 218)	698	(10 520)	14 061	(571)	13 490
181-365	36 836	(7 925)	28 911	12 550	(409)	12 141
365+	189 346	(184 963)	4 383	154 676	(154 676)	-
Payments made in advance	58 674	-	58 674	116 396	-	116 396
Not past due date	58 674	-	58 674	116 396	-	116 396
FROM NON-EXCHANGE TRANSACTIONS						
Other receivables	17 575	-	17 575	32 122	-	32 122
Not past due date	17 575	-	17 575	32 122	-	32 122
	9 139 683	(4 928 128)	4 211 555	8 148 111	(3 878 643)	4 269 468

10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

Amortised cost

Bank balance*
 Year-end accruals
 Cash on hand and in transit
 Call and short-term deposits – see note 6
Fair value – see note 6
 Call and short-term deposits
 Bank accounts managed by fund managers*

TOTAL

Economic entity		Municipality of Cape Town	
2020	2019	2020	2019
8 392 977	8 031 144	8 097 003	7 737 549
377 146	368 324	250 376	245 953
35	473	35	473
27 109	56 211	26 874	56 047
7 988 687	7 606 136	7 819 718	7 435 076
1 269 566	681 726	1 269 566	681 726
1 258 161	668 840	1 258 161	668 840
11 405	12 886	11 405	12 886
9 662 543	8 712 870	9 366 569	8 419 275

*See annexure C for more details.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
11. BORROWINGS				
Marketable bonds	5 059 968	5 163 986	5 059 968	5 163 986
Concessionary loans	2 191 609	1 431 797	2 191 609	1 431 797
Other loans	73 538	111 401	66 666	102 750
Subtotal – see annexure A for more details	7 325 115	6 707 184	7 318 243	6 698 533
Transferred to current liabilities	(448 446)	(429 527)	(446 354)	(427 596)
TOTAL	6 876 669	6 277 657	6 871 889	6 270 937

A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6.

MARKETABLE BONDS	5 059 968	5 163 986	5 059 968	5 163 986
Marketable bonds In terms of the Enity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,95 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03)	5 059 968	5 163 986	5 059 968	5 163 986
CONCESSIONARY LOANS	2 191 609	1 431 797	2 191 609	1 431 797
Agence Française de Développement (AFD) An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2020 was R1,27 billion (2019: R1,43 billion).	1 165 246	1 297 027	1 165 246	1 297 027
Development Bank of Southern Africa (DBSA) An unsecured fixed-term concessionary loan, which bore interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was fully paid on 30 June 2020.	-	3 878	-	3 878
KfW Development Bank An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2020 was R1,16 billion (2019: R153 million).	1 026 363	130 892	1 026 363	130 892

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

11. BORROWINGS *(continued)*

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
OTHER LOANS	66 666	111 401	66 666	102 750
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. One of these loans was fully paid on 30 June 2020. The balance of the loans will be fully paid on 31 December 2022.	66 666	102 750	66 666	102 750
ABSA - Brackenfell Business Improvement District NPC This loan is secured by motor vehicles, bears interest at prime related interest rate, and is repayable in monthly instalments as agreed with ABSA.	185	30	-	-
DBSA – Claremont Road Bypass Company Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum. Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009. Secured by an agreement of cession from Claremont Improvement District Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont Improvement District ratepayers in terms of the cooperation agreement. The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont Improvement District.	6 608	8 452	-	-
Nedbank – Montague Gardens This liability is secured by a motor vehicle, attracts interest at a rate of between 12,25% and 12,5% per annum, and is repayable over a remaining period of 21 months.	79	169	-	-
TOTAL – see annexure A for more details	7 325 115	6 707 184	7 318 243	6 698 533

For more details about short-term debt facilities available to the Entity, see annexure C.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

12. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,35 billion (2019: R1,21 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

12.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The latest statutory actuarial valuation of the fund was performed at 30 June 2019, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The funding basis valuation indicated a R11,2 million surplus with an overall funding level of 100,3% for the DB section and pensioners account respectively at the financial year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and according to its 1 July 2018, last statutory valuation revealed a deficit of R394,3 million and the Fund was 97,3% funded prior to the establishment of any contingency reserves. As consequence, the fund is not financially sound in terms of Financial Sector Conduct Authority (FSCA) issued Notice No. 2 of 2016. The Fund submitted a Scheme of Arrangement (SOA) to the Registrar of Pension Funds in terms of section 18 of the Pension Funds Act to bring the fund into a financially sound position.

The SOA requested that all participating employers contributed an additional 2% from 1 July 2020 for each year over the next five to six years. The City is currently engaged in disputing this SOA. A provision for an amount of R13,85 million has been included in "Post-retirement pension benefits" (note 13), of which R1,95 million is payable in 2020/21.

12.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

12.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2018, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2019.

	DB section	DC section	Total
In-service members	180	9 447	9 627
Pensioners	2 552	2 173	4 725
Membership as at 30 June 2019	2 732	11 620	14 352

	2019 R'million	2018 R'million
Past-service position: DC section	11 958	11 489
DB section	3 815	3 952
Total liabilities	15 773	15 441
Assets valued at market value	15 840	15 548
Actuarial surplus	-	-

Key financial assumptions	2020 %	2019 %
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,72	0,64
Post-retirement	2,72	2,64
Normal retirement age	65 years	65 years



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

13. PROVISIONS (NON-CURRENT)

Economic entity						
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2020						
Opening balance	618 284	345 888	5 888 106	13 534	11 275	6 877 087
Interest costs	59 063	45 003	622 706	1 529	-	728 301
Service costs	54 893	-	97 246	466	-	152 605
Benefit/rehabilitation payments	(70 025)	(1 156)	(263 873)	(815)	-	(335 869)
Additional provision raised	-	-	-	13 845	-	13 845
Actuarial gains	(36 738)	-	(894 708)	(3 656)	-	(935 102)
Change in estimate	-	(65 441)	-	-	-	(65 441)
Transferred from current provisions	86 529	54 850	259 038	2 149	-	402 566
	712 006	379 144	5 708 515	27 052	11 275	6 837 992
Current portion of provision	(49 434)	(79 287)	(278 610)	(3 458)	-	(410 789)
TOTAL	662 572	299 857	5 429 905	23 594	11 275	6 427 203

Municipality of Cape Town						
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2020						
Opening balance	618 284	345 888	5 888 106	13 534	11 275	6 877 087
Interest costs	59 063	45 003	622 706	1 529	-	728 301
Service costs	54 893	-	97 246	466	-	152 605
Benefit/rehabilitation payments	(70 025)	(1 156)	(263 873)	(815)	-	(335 869)
Additional provision raised	-	-	-	13 845	-	13 845
Actuarial gains	(36 738)	-	(894 708)	(3 656)	-	(935 102)
Change in estimate	-	(65 441)	-	-	-	(65 441)
Transferred from current provisions	86 529	54 850	259 038	2 149	-	402 566
	712 006	379 144	5 708 515	27 052	11 275	6 837 992
Current portion of provision	(49 434)	(79 287)	(278 610)	(3 458)	-	(410 789)
TOTAL	662 572	299 857	5 429 905	23 594	11 275	6 427 203

13.1 Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2020 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2020 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2020	2019
	%	%
Discount rate	11,26	8,38
Consumer price inflation	7,16	5,28
Salary increase	8,16	6,28



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

13. PROVISIONS (NON-CURRENT) (continued)

13.2 Environmental rehabilitation

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2020.

Key cost parameters	2020	2019
Estimated dates of reaching full capacity	between 2018 and 2031	between 2018 and 2032
Estimated post closure rehabilitation time	4 years	4 years
Period for monitoring post closure	30 years	30 years
Average estimated annual inflation rate	3,62%	4,65%
Discount rate at the average borrowing rate	13,02	11,23%

13.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2020 constituted 6 224 (2019: 6 708) in-service members and 6 963 (2019: 6 898) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2020 %	2019 %
Discount rate	13,90	10,13
Consumer price inflation	9,24	6,70
Healthcare cost inflation rate	11,24	8,70

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		5 708 516	79 244	793 484
Healthcare inflation	1% decrease	5 097 558	67 053	708 560
	1% increase	6 433 570	94 166	894 266
Post-retirement mortality	20% decrease	6 196 654	85 333	861 335
	20% increase	5 319 489	74 331	739 409



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

13. PROVISIONS (NON-CURRENT) (continued)

13.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2020 was 16 (2019: 17) in-service employees and 55 (2019: 60) pensioners.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon index-linked government bond curve.

Key financial assumptions	2020 %	2019 %
Discount rate	12,81	9,75
Consumer price inflation	8,23	6,40
General salary inflation rate	10,23	8,40

14. DEPOSITS

Electricity and water
Other deposits

TOTAL

Economic entity		Municipality of Cape Town	
2020	2019	2020	2019
405 503	395 723	405 503	395 723
126 947	56 624	13 918	15 239
532 450	452 347	419 421	410 962

15. PROVISIONS (CURRENT)

	Economic entity						Total
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COVID claims	Leave benefits	Other provisions	
As at 30 June 2020							
Opening balance	86 529	54 850	261 187	16 276	690 462	44 248	1 153 552
Utilised	(86 529)	(54 850)	(261 187)	(16 276)	(832 964)	(32 125)	(1 283 931)
Raised	-	-	-	-	1 018 222	33 650	1 060 318
Reversed	-	-	-	8 446	(6 052)	(547)	(6 599)
Change in estimate	-	-	-	-	54 494	-	54 494
Transfers from non-current	49 434	79 287	282 068	-	-	-	410 789
TOTAL	49 434	79 287	282 068	8 446	924 162	45 226	1 388 623



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

15. PROVISIONS (CURRENT) *(continued)*

Municipality of Cape Town							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COVID claims	Leave benefits	Other provisions	Total
As at 30 June 2020							
Opening balance	86 529	54 850	261 187	16 276	690 462	38 671	1 147 975
Utilised	(86 529)	(54 850)	(261 187)	(16 276)	(832 964)	(26 548)	(1 278 354)
Raised	-	-	-	8 446	1 018 222	29 374	1 056 042
Reversed	-	-	-	-	(6 052)	(547)	(6 599)
Change in estimate	-	-	-	-	54 494	-	54 494
Transfers from non-current	49 434	79 287	282 068	-	-	-	410 789
TOTAL	49 434	79 287	282 068	8 446	924 162	40 950	1 384 347

Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

16. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other creditors
Payments received in advance
Funds administrated on behalf of third parties

TOTAL

Economic entity		Municipality of Cape Town	
2020	2019	2020	2019
4 992 391	4 820 391	4 947 591	4 766 266
990 707	913 998	990 707	913 998
23 674	19 053	23 674	19 053
6 006 772	5 753 442	5 961 972	5 699 317

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government

National Government
Province

Other conditional receipts

Public contributions

TOTAL

1 229 048	1 155 398	1 229 048	1 155 398
954 696	856 209	954 696	856 209
274 352	299 189	274 352	299 189
163 124	142 772	163 124	142 772
163 124	142 772	163 124	142 772
1 392 172	1 298 170	1 392 172	1 298 170

During the year, the National Department of Human Settlements (NDHS) expressed concern that the City would not be able to spend its entire Urban Settlements Development Grant (USDG) allocation as per the annual Division of Revenue Act. Consequently, the second tranche payment of R464,8 million for USDG was delayed. It should have been received on 28 November 2019, but was only received on 23 December 2019. The NDHS also withheld R60 million of the USDG allocation due to significant under-performance.

National Treasury withheld R2,61 million of the Infrastructure Skills Development Grant due to anticipated underspending during the financial year.

See notes 24, 25 and annexure E for more details of grants from National Government and Province as well as public contributions.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
18. VALUE-ADDED TAX (VAT)				
VAT payable	589 182	608 386	587 791	608 386
Impairment adjustment	(34 839)	(62 810)	(34 839)	(62 810)
Total VAT payable	554 343	545 576	552 952	545 576
VAT receivable	(379 654)	(415 306)	(379 654)	(415 306)
TOTAL	174 689	130 270	173 298	130 270
The VAT liability was impaired as a result of impairment against debtors. The City is registered for VAT on the payment basis.				
19. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	377 344	320 018	377 344	320 018
Income	73 701	48 872	73 701	48 872
Interest	24 805	20 579	24 805	20 579
Expenditure	(32 287)	(11 091)	(32 287)	(11 091)
Sponsored loans write-off	-	(1 034)	-	(1 034)
Balance at end of the year	443 563	377 344	443 563	377 344
Unrealised housing proceeds				
Balance at beginning of the year	32 007	39 271	32 007	39 271
Long-term loans realised	(10 695)	(17 112)	(10 695)	(17 112)
Transfer to impairment provision – selling schemes	(1 665)	9 848	(1 665)	9 848
Balance at end of the year	19 647	32 007	19 647	32 007
TOTAL	463 210	409 351	463 210	409 351
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
20. SERVICE CHARGES				
Electricity	14 222 993	13 012 536	14 248 623	13 036 876
Water and wastewater	4 534 853	4 685 831	4 541 952	4 692 171
Solid waste	1 350 098	1 265 070	1 350 425	1 265 381
ICASA ECSN licence	24 885	26 206	24 885	26 206
Other	733 502	764 912	714 509	744 524
TOTAL	20 866 331	19 754 555	20 880 394	19 765 158
21. FINANCE INCOME				
Exchange transactions				
External investments	1 603 709	1 411 195	1 582 511	1 391 166
Outstanding debtors	1 363 808	1 193 654	1 342 610	1 173 625
Transferred interest to conditional grants	298 953	269 101	298 953	269 101
	(59 052)	(51 560)	(59 052)	(51 560)
Non-exchange transactions				
Outstanding debtors	109 465	92 302	109 465	92 302
TOTAL	1 713 174	1 503 497	1 691 976	1 483 468



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
22. OTHER INCOME				
Exchange transactions	670 902	688 962	348 779	344 089
Bulk infrastructure levies	152 298	192 384	152 298	192 384
Other income	223 716	275 461	140 987	147 217
Gains on foreign-exchange transactions	2	2	2	2
Fair-value adjustments	55 492	4 486	55 492	4 486
CIDs	239 394	216 629	-	-
Non-exchange transactions	131 010	25 533	370 404	242 162
CIDs	-	-	239 394	216 629
Fair-value adjustments	131 010	25 533	131 010	25 533
TOTAL	801 912	714 495	719 183	586 251

The City received services in kind to an estimated value of R15,22 million (2019: R16,55 million) in the form of volunteers.

23. PROPERTY RATES

Actual

Residential, commercial and other
Income forgone*

TOTAL

11 024 106	10 762 609	11 033 625	10 769 772
(1 191 840)	(1 450 216)	(1 191 840)	(1 450 216)
9 832 266	9 312 393	9 841 785	9 319 556

Valuations per category

1 July 2019 – 30 June 2020

Agricultural
Business and commercial
Industrial
Mining
Multiple purpose
Organ of state (public service purposes)
Public benefit organisation
Public service infrastructure
Residential
Vacant land

	2020	2019	2020	2019
	7 823 081		7 823 081	
	280 805 836		280 805 836	
	90 350 732		90 350 732	
	214 188		214 188	
	7 156 597		7 156 597	
	40 388 212		40 388 212	
	2 437 690		2 437 690	
	12 529 473		12 529 473	
	1 144 122 786		1 144 122 786	
	37 777 795		37 777 795	
1 July 2016 – 30 June 2019				
Agriculture		5 179 551		5 179 551
Commercial		265 792 562		265 792 562
Other		101 735 052		101 735 052
Public service infrastructure		5 053 282		5 053 282
Residential		843 683 505		843 683 505
TOTAL valuation at commencement of financial year	1 623 606 390	1 221 443 952	1 623 606 390	1 221 443 952

The new General Valuation Roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2022. It is based on market-related values and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

The GV2018 introduced new rates categories as required by the MPRA, thus comparative figures for the valuation per category are not available.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
24. GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional grants	3 256 778	3 016 366	3 256 778	3 016 366
Conditional grants	3 612 018	3 531 995	3 612 018	3 531 995
National Government	2 520 166	2 589 476	2 520 166	2 589 476
Province	1 091 852	942 519	1 091 852	942 519
TOTAL	6 868 796	6 548 361	6 868 796	6 548 361
Analysis of government grants and subsidies				
Operating	4 957 485	4 468 913	4 957 485	4 468 913
Capital	1 911 311	2 079 448	1 911 311	2 079 448
TOTAL	6 868 796	6 548 361	6 868 796	6 548 361
25. PUBLIC CONTRIBUTIONS				
Conditional				
Consumer connections	40 411	46 817	40 411	46 817
Contributed assets	60	1 472	60	1 472
Other	25 780	28 093	25 780	25 156
TOTAL	66 251	76 382	66 251	73 445
26. EMPLOYEE-RELATED COSTS				
Salaries, wages and allowances	12 802 584	11 502 110	12 697 236	11 408 842
Contributions and benefits paid: current provisions	189 055	5 292	189 055	5 292
Contributions: post-retirement and long-service benefits	(85 354)	952 901	(85 354)	952 901
Current service costs	152 605	142 163	152 605	142 163
Interest costs	683 298	623 033	683 298	623 033
Actuarial (gain)/loss	(921 257)	187 705	(921 257)	187 705
	12 906 285	12 460 303	12 800 937	12 367 035
Expenditure recharged to capital projects	(24 228)	(31 266)	(24 228)	(31 266)
TOTAL	12 882 057	12 429 037	12 776 709	12 335 769
27. IMPAIRMENT COSTS				
Receivables	2 803 823	1 583 361	2 804 042	1 582 947
Investments	-	-	58 745	154 662
Property, plant and equipment	101 799	32 196	19 784	29 648
TOTAL	2 905 622	1 615 557	2 882 571	1 767 257
28. FINANCE COSTS				
Borrowings	763 596	720 371	762 895	719 526
Unwinding of discount	45 003	33 629	45 003	33 629
TOTAL	808 599	754 000	807 898	753 155
29. BULK PURCHASES				
Electricity	9 317 868	8 281 772	9 317 868	8 281 772
Water	553 902	362 849	553 902	362 849
TOTAL	9 871 770	8 644 621	9 871 770	8 644 621
30. CONTRACTED SERVICES				
Transportation services	514 485	555 857	514 431	554 622
Refuse removal services	389 543	402 394	389 543	377 420
Sewerage services	424 148	350 117	424 148	350 117
Electrical services	242 532	208 785	234 074	200 725
Haulage of waste services	252 608	211 767	252 608	211 767
Other services	470 794	337 686	299 046	315 085
TOTAL	2 294 109	2 066 606	2 113 850	2 009 736

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
31. GENERAL EXPENSES				
Auditor remuneration	22 737	20 571	20 241	18 187
CID levies	-	-	232 212	210 130
Consultants	928 520	746 948	916 548	735 821
Free basic electricity (FBE) – Eskom service areas	162 897	140 677	163 667	141 472
Fair-value adjustments	3 184	763	3 184	763
Indigent relief	408 106	422 402	408 106	422 402
Inventory: scrapping	3 559	516	3 559	516
Loss on foreign-exchange transactions	1 783	7 006	1 842	7 043
Telecommunications	249 088	234 255	237 651	221 912
Building contractors	1 901 874	1 729 605	1 889 310	1 719 641
Fuel	288 909	314 016	287 369	313 649
Minor tools and equipment	505 777	548 898	479 658	513 126
Security services	883 364	782 251	864 936	646 765
Servicing of vehicle and equipment	493 322	501 344	482 273	489 474
Other expenditure	2 377 407	2 182 963	2 297 672	2 110 468
	8 230 527	7 632 215	8 288 228	7 551 369
Contributions from provisions	(34 731)	(42 982)	(34 731)	(42 982)
	8 195 796	7 589 233	8 253 497	7 508 387
Expenditure recharged to capital projects	(2 155)	(2 811)	(2 155)	(2 811)
TOTAL	8 193 641	7 586 422	8 251 342	7 505 576

32. TAXATION

32.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2019: 28%).

At beginning of the year

Temporary differences: current year
prior year

At end of the year

(123 703)	(136 443)
(34 396)	12 740
(467)	-
(158 566)	(123 703)

The balance comprises

Capital allowance (non-deductible temporary differences)

(158 566)	(123 703)
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32.2 TAXATION

Statement of financial performance charge

CTICC

(34 396)	5 861
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
33. CASH GENERATED FROM OPERATIONS				
Surplus for the year	4 313 464	6 440 781	4 369 409	6 242 063
Adjustment for:	4 502 592	4 334 140	4 454 386	4 448 969
Contributed assets	(60)	(2 860)	(60)	(2 860)
Contribution to provisions	(221 276)	751 955	(219 975)	751 101
Depreciation	2 961 173	2 857 735	2 901 939	2 802 364
Fair-value adjustment	(183 318)	(25 537)	(183 318)	(25 537)
Gains and losses on disposal of assets	(58 524)	(113 785)	(46 421)	(113 615)
Impairment	2 905 443	1 615 557	2 882 571	1 767 257
Inventory scrapping	3 559	516	3 559	516
Unrealised foreign-exchange losses/(gains)	169	56	169	56
Finance income	(1 713 174)	(1 503 497)	(1 691 976)	(1 483 468)
Cash transactions	(1 663 503)	(1 447 788)	(1 642 305)	(1 427 759)
Non-cash transactions	(49 671)	(55 709)	(49 671)	(55 709)
Finance costs	808 599	754 000	807 898	753 155
Cash transactions	719 628	718 698	718 927	692 316
Non-cash transactions	88 971	35 302	88 971	60 839
Operating surplus before working capital changes	8 816 056	10 774 921	8 823 795	10 691 032
(Increase)/decrease in inventories	(55 480)	34 744	(54 579)	35 220
Increase in receivables	(3 079 051)	(2 284 126)	(3 057 378)	(2 240 674)
Increase in unspent conditional grants and receipts	94 002	230 425	94 002	230 425
Increase/(decrease) in payables	251 949	(223 741)	261 274	(202 400)
Increase/(decrease) in net VAT	16 448	(2 712)	15 057	(2 712)
CASH GENERATED FROM OPERATIONS	6 043 924	8 529 511	6 082 171	8 510 891

The 2019 comparative line items were reclassified - see note 36.

34. OPERATING LEASE COMMITMENTS

34.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

Buildings

Payable within one year
Payable within two to five years

Radio masts

Payable within one year
Payable within two to five years

TOTAL

55 203	99 447	55 190	98 748
50 266	53 211	50 253	52 569
4 937	46 236	4 937	46 179
920	1 484	920	1 484
478	587	478	587
442	897	442	897
56 123	100 931	56 110	100 232

Minimum lease payments recognised as an expense during the period amounted to R55,96 million (2019: R50,74 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

34. OPERATING LEASE COMMITMENTS (continued)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
34.2 The Entity as lessor				
Future minimum lease income under non-cancellable operating leases				
Buildings				
Receivable within one year	67 983	61 677	67 983	61 677
Receivable within two to five years	252 378	195 492	252 378	195 492
Receivable after five years	455 894	454 253	455 894	454 253
TOTAL	776 255	711 422	776 255	711 422

The Entity lets properties under operating leases. Property rental income earned during the year was R61,93 million (2019: R58,37 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R38,18 million in current-year income.

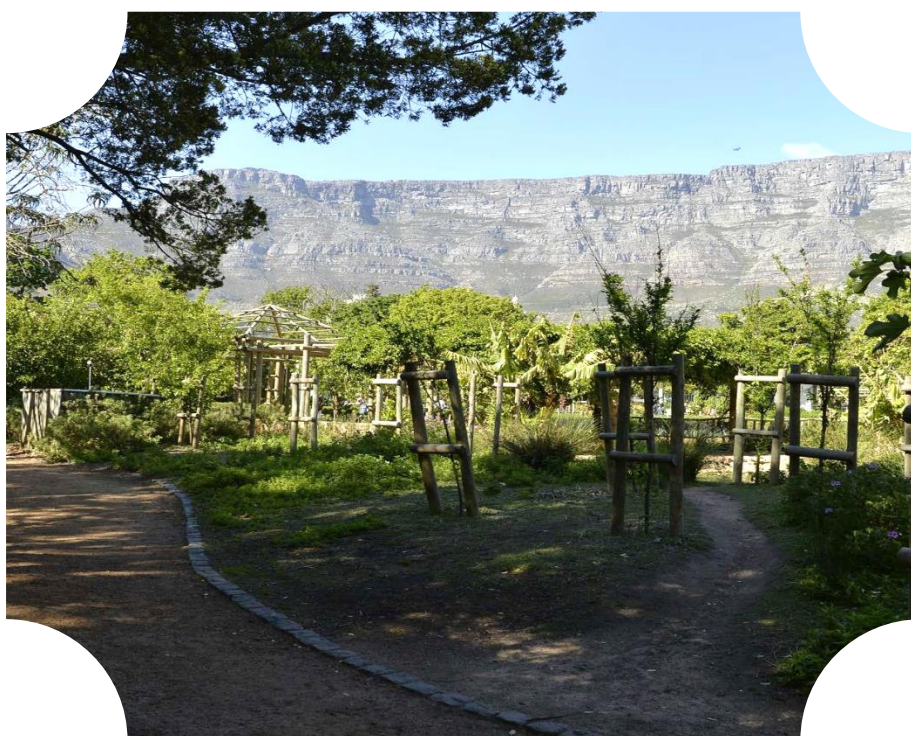
35. CONTINGENT LIABILITIES

35.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R284,36 million (2019: R282,17 million).

35.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R262,43 million (2019: R228,72 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES

36.1 Reclassification

During the current year the Entity adopted GRAP 108 Statutory Receivables as effective. Amendments were made to the classification of receivables to align with the Standard resulting in the reclassification of receivables and other receivables as statutory and contractual receivables. This change had no financial impact on the statement of financial position.

Presented below are those items contained in the statement of financial position, statement of financial performance, cash flow statement and notes that have been affected by the prior-year adjustments.

Economic entity				
	Note	As previously reported	Reclassifications	Restated
30 June 2019				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Current assets		18 765 903	-	18 765 903
Receivables		6 213 435	857 370	7 070 805
Other receivables		857 370	(857 370)	
TOTAL ASSETS		71 668 278	-	71 668 278
FINANCIAL RISK MANAGEMENT				
Financial assets	1			
Contractual Receivables		6 213 435	(1 996 301)	4 217 134
Other receivables		272 685	(272 685)	-
TOTAL CARRYING AMOUNT		22 740 323	(2 268 986)	20 471 337
FAIR VALUE		22 825 071	(2 263 667)	20 561 404
Statutory assets				
Receivables		2 301 108	436 167	2 737 275
Other receivables		468 289	(468 289)	-
TOTAL CARRYING AMOUNT		2 769 397	(32 122)	2 737 275
Credit risk	1.3			
Financial assets				
Receivables		6 486 120	(2 268 986)	4 217 134
Statutory assets				
Receivables		-	2 737 275	2 737 275
TOTAL		22 858 761	355 170	23 213 931
RECEIVABLES				
Gross	9	10 978 982	(10 978 982)	-
Impairment		(4 765 547)	4 765 547	-
Net		6 213 435	(6 213 435)	-
Statutory				
Gross		-	5 284 580	5 284 580
Impairment		-	(2 547 305)	(2 547 305)
Net		-	2 737 275	2 737 275
Contractual				
Gross		-	8 213 856	8 213 856
Impairment		-	(3 880 326)	(3 880 326)
Net		-	4 333 530	4 333 530
OTHER RECEIVABLES				
Gross	10	2 519 454	(2 519 454)	-
Impairment		(1 662 084)	1 662 084	-
Net		857 370	(857 370)	-



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

36.1 Reclassification (continued)

Economic entity				
	Note	As previously reported	Reclassifications	Restated
Reconciliation of impairment provision	9			
Receivables				
Balance at beginning of the year		4 320 108	(4 320 108)	-
Contributions to provisions		945 320	(945 320)	-
Transfers (from)/to provisions		(7 215)	7 215	-
Bad debts written off		(492 666)	492 666	-
Balance as at 30 June		4 765 547	(4 765 547)	-
Other receivables				
Balance at beginning of the year		1 596 327	(1 596 327)	-
Contributions to provisions		999 364	(999 364)	-
Bad debts written off		(933 607)	933 607	-
Balance as at 30 June		1 662 084	(1 662 084)	-
Reconciliation of impairment provision				
Statutory				
Balance at beginning of the year		-	2 275 223	2 275 223
Contributions to provisions		-	1 280 079	1 280 079
Transfers from provisions		-	(6 087)	(6 087)
Bad debts written off		-	(1 001 910)	(1 001 910)
Balance as at 30 June		-	2 547 305	2 547 305
Contractual				
Balance at beginning of the year		-	3 641 212	3 641 212
Contributions to provisions		-	664 605	664 605
Transfers from provisions		-	(1 128)	(1 128)
Bad debts written off		-	(424 363)	(424 363)
Balance as at 30 June		-	3 880 326	3 880 326
CASH GENERATED FROM OPERATIONS	33			
Surplus for the year		6 440 781	-	6 440 781
Adjustment for:		3 261 459	1 072 681	4 334 140
Impairment		-	1 615 557	1 615 557
Impairment assets		32 196	(32 196)	-
Contribution to impairment provision - receivables		511 196	(511 196)	-
Inventory Scrapping		-	561	561
Operating surplus before working capital changes:		9 702 240	1 072 681	10 774 921
Increase in inventories		35 260	(516)	34 744
Increase in receivables		(980 073)	(1 304 053)	(2 284 126)
Decrease in other receivables		(231 888)	231 888	-
Cash generated by operations		8 529 511	-	8 529 511



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

36.1 Reclassification (continued)

Municipality of Cape Town				
	Note	As previously reported	Reclassifications	Restated
30 June 2019				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Current assets		18 405 664	-	18 405 664
Receivables		6 215 922	793 308	7 009 230
Other receivables		793 308	(793 308)	-
TOTAL ASSETS		70 953 563	-	70 953 563
FINANCIAL RISK MANAGEMENT				
Financial assets	1			
Contractual Receivables		3 912 327	240 745	4 153 072
Other receivables		208 623	(208 623)	-
TOTAL CARRYING AMOUNT		20 447 745	32 122	20 479 867
FAIR VALUE		20 532 493	32 122	20 564 615
Statutory assets				
Receivables		2 303 595	436 167	2 739 762
Other receivables		468 289	(468 289)	-
TOTAL CARRYING AMOUNT		2 771 884	(32 122)	2 739 762
Credit risk	1.3			
Financial assets				
Receivables		6 892 834	(2 739 762)	4 153 072
Statutory assets				
Receivables		-	2 739 762	2 739 762
TOTAL		22 858 761	-	22 858 761
RECEIVABLES				
9				
Gross		10 981 469	(10 981 469)	-
Impairment		(4 765 547)	4 765 547	-
Net		6 215 922	(6 215 922)	-
Statutory				
Gross		-	5 287 067	5 287 067
Impairment		-	(2 547 305)	(2 547 305)
Net		-	2 739 762	2 739 762
Contractual				
Gross		-	8 148 111	8 148 111
Impairment		-	(3 878 643)	(3 878 643)
Net		-	4 269 468	4 269 468
OTHER RECEIVABLES				
10				
Gross		2 453 709	(2 453 709)	-
Impairment		(1 660 401)	1 660 401	-
Net		793 308	(793 308)	-



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

36.1 Reclassification (continued)

Municipality of Cape Town				
	Note	As previously reported	Reclassifications	Restated
Reconciliation of impairment provision	9			
Receivables				
Balance at beginning of the year		4 320 108	(4 320 108)	-
Contributions to provisions		945 320	(945 320)	-
Transfers (from)/to provisions		(7 215)	7 215	-
Bad debts written off		(492 666)	492 666	-
Balance as at 30 June		4 765 547	(4 765 547)	-
Other receivables				
Balance at beginning of the year		1 595 249	(1 595 249)	-
Contributions to provisions		998 759	(998 759)	-
Bad debts written off		(933 607)	933 607	-
Balance as at 30 June		1 660 401	(1 660 401)	-
Reconciliation of impairment provision				
Statutory				
Balance at beginning of the year		-	2 275 223	2 275 223
Contributions to provisions		-	1 280 079	1 280 079
Transfers from provisions		-	(6 087)	(6 087)
Bad debts written off		-	(1 001 910)	(1 001 910)
Balance as at 30 June		-	2 547 305	2 547 305
Contractual				
Balance at beginning of the year		-	3 640 134	3 640 134
Contributions to provisions		-	664 000	664 000
Transfers from provisions		-	(1 128)	(1 128)
Bad debts written off		-	(424 363)	(424 363)
Balance as at 30 June		-	3 878 643	3 878 643
CASH GENERATED FROM OPERATIONS	33			
Surplus for the year		6 242 063	-	6 242 063
Adjustment for:		3 376 097	1 072 872	4 448 969
Impairment		-	1 767 257	1 767 257
Impairment assets		29 648	(29 648)	-
Contribution to impairment provision - receivables		510 591	(510 591)	-
Contribution to impairment provision - Investment		154 662	(154 662)	-
Inventory Scrapping		-	516	516
Operating surplus before working capital changes:		9 618 160	1 072 872	10 691 032
Increase in inventories		35 736	(516)	35 220
Increase in receivables		(979 252)	(1 261 422)	(2 240 674)
Decrease in other receivables		(189 066)	189 066	-
Cash generated by operations		8 510 891	-	8 510 891



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

36.2 Changes in accounting estimates

Annual review of assets useful lives

The City's annual review of the useful lives and residual values of assets resulted in a decrease of R105,60 million (2019: R2,62 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

During the year, the CTICC also revised the estimated useful lives of certain PPE items. The change in estimate was necessary, as these items were approaching the end of their originally assessed useful lives, but management had determined that, due to the good condition and maintenance of the assets, they would remain in use for an extended period beyond the reporting date. The net effect of the changes in the current year was a R4,53 million reduction in the depreciation charge (2019: R1,28 million).

Impairment of statutory and contractual receivables

The annual review of the impairment of statutory and contractual receivables resulted in a change to a more risk based approach to assess a debtor's ability to make payments. This change in estimate resulted in an increase of R144,36 million in the impairment of receivables charged to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

37. BUDGET INFORMATION

37.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
3. The differences in capital spend recognition are set out in the table below:

	Economic entity	Municipality of Cape Town
Annual financial statements	6 188 105	6 124 084
Landfill site provision estimate	38 540	38 540
Contributed assets	(60)	(60)
Inventory reclassified	(191 896)	(191 896)
Budget	6 034 689	5 970 668

37.2 Explanation of variances greater than 10%: final budget and actual amounts

37.2.1 Statement of financial position

Total liability

i) Non-current liability

The variance in non-current liabilities is mainly due to a loan that was budgeted for but was not taken up and the reduction in non-current provisions due to the effects of changes in actuarial assumptions for long service leave, post-retirement healthcare and pension benefits.

ii) Current liabilities

The variance in total current liabilities is attributed to a higher-than-expected balance for payables from exchange transactions at year end. This is due to less than expected cash payments to suppliers and more supplier credit being utilised at year end.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

37. BUDGET INFORMATION (continued)

37.2 Explanation of variances greater than 10%: final budget and actual amounts (continued)

37.2.2 Statement of financial performance

Revenue

- i) Investment revenue
The variance is largely due to interest on higher than anticipated cash and investment funds available as a result of low spending and over recovery on other own revenue.
- ii) Other own revenue
The variance is mainly due to fair value adjustments that was not budgeted for. These adjustments are the difference between the valuation of the loan at the market rate and the valuation of the loan at the interest rate agreed upon with the lender.

Expenditure

- iii) Debt impairment
The variance is largely due to delays with the construction of top structures relating to People Housing Processes (PHP) projects. In addition, lower than anticipated Grant in Aid applications were received from Non-profit - and Public Benefit organizations. These organizations had to apply for a grant in aid instead of receiving a rates rebate in terms of the revised criteria as per the City's Rates policy.
- iv) Transfers and grants
The variance is largely due to delays with the construction of top structures relating to People Housing Processes (PHP) projects. In addition, lower than anticipated Grant in Aid applications were received from Non-profit - and Public Benefit organizations. These organizations had to apply for a grant in aid instead of receiving a rates rebate in terms of the revised criteria as per the City's Rates policy.

Surplus

- v) Transfers recognised – capital
The variance due to a delay in the implementation of projects mainly as a result of the negative impact of the national COVID-19 lockdown, delays with the appointment of service providers and delivery of goods, community dynamics, and slow implementation of Grant funded Transport projects.

37.2.3 Cash flow statement

- i) Net cash from operating
The variance is the result of underspend operating expenditure as well utilising more than expected supplier credit at

37.3 Explanation of variances greater than 5%: final budget and actual amounts

37.3.1 Capital expenditure

- i) Community Services and Health
The variance in the implementation of projects is a result of the negative impact of national COVID-19 lockdown, delays with the appointment of services providers, community dynamics and a couple of administrative delays e.g. zoning.
- ii) Corporate Services
The variance in the implementation of projects is due to suppliers not receiving IT equipment timeously from abroad during the COVID-19 worldwide pandemic, which in turn delayed the installation by contractors.
- iii) Energy and Climate Change
The variance in the implementation of projects is as a result of community dynamics; appeals against award of tender; riots and vandalism; inclement weather; contractor capacity constraints and delays in delivery of imported; local equipment and a reversal/re-posting of prior year expenditure that was not capitalised resulted in a credit of R9,6 million.
- iv) Finance
The variance in the implementation of projects is due to the national lockdown period, which delayed construction on the Suites at the Stadium project; onset of cloudy Winter weather prevented aerial photography on the Aerial Photography project; as well as items at the South African customs, which was only be released in July 2020.
- v) Office of the City Manager
The variance in the implementation of the projects is the result of delays experienced in the delivery of furniture and equipment, as well as the impact of the COVID-19 lockdown regulations on the ability of vendors to supply furniture and equipment. In addition, savings were realised due to actual expenditure being less than planned expenditure on certain items procured.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

37. BUDGET INFORMATION *(continued)*

37.3 Explanation of variances greater than 5%: final budget and actual amounts *(continued)*

37.3.1 Capital expenditure *(continued)*

- vi) Spatial Planning and Environment
The variance in the implementation of projects is a result of cost savings that materialised with the completion of projects, administrative uncertainty around servitude rights and the approval of the CTICC Interface Development Agreement as well as the impact of the COVID-19 lockdown which delayed construction and the delivery of professional services.
- vii) Transport
The variance in the implementation of projects is the result of projects funded from the Budget Facility Infrastructure Grant not being ready for implementation in the 2019/2020 financial year, as well as underground services and delays in resolving a claim regarding a correction of error in measurement on the IRT - Jan Smuts project.
- viii) Urban Management
The variance in the implementation of the projects is as a result of community dynamics and influences as well as the absence of an implementation delivery vehicle to appoint contractors causing delays.
- ix) Management: Water and Waste
The variance in the implementation of projects is as a result of the delay in procurement of computer equipment and furniture.
- x) Solid Waste Management
The variance in the implementation of projects is as a result of the delays in the appointment of service providers, capacity constraints, contractor poor performance and untapped contingencies.
- xi) Subsidiaries
The variance is due to the COVID-19 restrictions equipment required to be purchased that were not available from suppliers due to the world-wide impact on the supply chain. A portion of the capital expenditure underspent was rolled over to the 2020/21 financial period.

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION

38.1 Political parties' arrears

Included in the debtors' arrears is an amount of R383 584,39 (2019: R37 964,91) outstanding for more than 90 days, owed by the representative political parties to the Entity.

38.2 Broad-Based Black Economic Empowerment (B-BBEE) Act

Information on compliance with the B-BBEE Act is included in the annual report under section "B-BBEE compliance performance information".

38.3 Municipal Finance Management Act

38.3.1 Section 124(1)(b)

38.3.1.1 Disclosure concerning councillors' municipal accounts in arrears

2020

During the **financial year** the below councillors were more than 90 days in arrears for rates or services but have since paid their accounts in full:

- G Classen
- MM Bele
- PN Sandla

2019

During the **reporting period**, there were no councillors more than 90 days in arrears for rates or services.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 Municipal Finance Management Act (continued)

38.3.2 Section 125

38.3.2.1 Irregular expenditure

Opening balance
Expenditure incidents identified in the current year, relating to
Current year
Prior year

Resolved and ratified by Council

Closing balance

Economic entity		Municipality of Cape Town	
2020	2019	2020	2019
950 370	283 056	950 370	283 056
462 452	950 370	462 452	950 370
355 873	356 028	355 873	356 028
106 579	594 342	106 579	594 342
1 412 822	1 233 426	1 412 822	1 233 426
(733 582)	(283 056)	(733 582)	(283 056)
679 240	950 370	679 240	950 370

Incidents
Legal services procurement not in terms of SCM regulations
Restrictive / Bias bids
Expenditure incurred after contract expiry
Non-compliance with SCM Regulations and section 33 and section 116(3) of the MFMA
TOTAL

43 840	238 368	43 840	238 368
59 811	214	59 811	214
248 164	413 335	248 164	413 335
110 637	298 453	110 637	298 453
462 452	950 370	462 452	950 370

The majority of the amounts included in the disclosure note was as the result of the self-reporting of incidents detected through the City's systems and procedures. A contract management register has been established to mitigate irregular expenditure.

38.3.2.2 Unauthorised expenditure

Opening balance
Expenditure incidents identified in the current year, relating to
Closing balance

-	-	-	-
6 567	-	6 567	-
6 567	-	6 567	-

Incident	Proceedings
Procurement without budget authority	Awaiting condonement by Council
TOTAL	

6 567	-	6 567	-
6 567	-	6 567	-

38.3.2.3 Fruitless and wasteful expenditure

Opening balance
Expenditure incidents identified in the current year, relating to
Current year
Prior year

Resolved by Council

Closing balance

18 873	309	18 873	309
12 341	19 802	12 341	19 802
12 313	13 555	12 313	13 555
28	6 247	28	6 247
31 214	20 111	31 214	20 111
(2 310)	(1 238)	(2 310)	(1 238)
28 904	18 873	28 904	18 873

Incidents
Fraudulent payment
Theft of City's assets
Vandalised units
Interest paid on late payments
Litigation costs
Travel costs
Duplication payment
Tender project management
Fines
Compensation payments
TOTAL

7	7	7	7
21	21	21	21
12 313	12 313	12 313	12 313
-	7 655	-	7 655
-	400	-	400
-	26	-	26
-	5	-	5
-	9 794	-	9 794
-	51	-	51
-	1 871	-	1 871
12 341	19 802	12 341	19 802

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 Municipal Finance Management Act (continued)

38.3.2 Section 125 (continued)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019

38.3.2.4 Material losses

Water losses

191 347	303 487	191 347	303 487
---------	---------	---------	---------

In the current year, the material losses were 10,54% (2019: 16,57%). These are made up of 10,08% reticulation losses and 0,46% abnormal production losses (2019: 10,84% reticulation losses and 5,73% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R413,9 million (2019: R313,2 million).

Electricity losses

300 337	345 465	300 337	345 465
---------	---------	---------	---------

In the current year, the energy losses were 9,73% (2019: 10,67%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R605,10 million (2019: R538,49 million).

38.3.2.5 Other compulsory disclosures

	Economic entity			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	25 540	2 049 213	3 751 867
Amount paid: current year	-	(25 155)	(1 878 665)	(3 429 135)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 189	289 938



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 Municipal Finance Management Act (continued)

38.3.2 Section 125 (continued)

38.3.2.5 Other compulsory disclosures (continued)

Municipality of Cape Town				
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	23 044	2 049 213	3 742 916
Amount paid: current year	-	(22 659)	(1 878 665)	(3 420 184)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 189	289 938

38.4 Supply Chain Management regulations

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019

38.4.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer or his delegate (Director: SCM) and noted by Council.

Greater than R200 000
Less than R200 000

722 330	772 204	705 864	755 771
255 826	343 079	255 826	342 883
978 156	1 115 283	961 690	1 098 654

TOTAL amount approved by the Accounting Officer or his delegated authority, noted by Council and Board

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

38.4.2 SCM breaches

Ratification of minor breaches

TOTAL amount regularised and ratified

1 664	4 188	-	-
1 664	4 188	-	-



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION *(continued)*

38.4 Supply Chain Management regulations *(continued)*

38.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
Gava Kassiem		4	4
A Kassiem	Media Co-Ordinator		
Bokamoso Enterprise Solutions		785	785
MA Thobejane	Department of Land Affairs and Rural Development		
Phumelela Clearing (Pty) Ltd		445	445
S Ngame	Invasive Species Controller		
Reeds Claremont		884	884
E Jacobs	Senior Clerk		
Tempus Dynamics		2 937	2 937
M Mvalo	Professional Officer		
Sitsol Trading			
C Sitzer	Senior Clerk		
Brainplay		903	903
Mr Pieters	Teacher		
Parkers Bus Service		131	131
RM Parker	Western Cape Education		
Jakepro Building Projects And Services		34	34
Y Jacobs	Accountant		
Tsch International Holdings		131	131
RE Hlongwana	Manager: Cleansing		
Bowman Gilfillan Inc (Land)		115	115
Mr Deokiram	Logistics Manager		
J van den Heuvel	Magistrate		
M van Aardt	Medical Doctor		
M de Villiers	Project and Process Manager		
C Dyer	Deputy Director		
C Franklyn	Specialist Scientist		
Q Green	Director Finance		
S Zondo	Operations Manager		
T Mtshali	Deputy Principal		
G Mellem	Teacher		
M Nyali	Teacher		
E Tipru	Senior Application Analyst		
S Pillay	Educator		
R Ramdennee	Vice President		
T Sass	Head: Compliance and Probity		
B Sepuba	Special Recruitment		
H Ben-David	Captain		
Unako Holdings (Pty) Ltd		23	23
TJ Vapi	Department of Correctional Services		
Barends F		166	166
T Barends	Senior SAP Developer		
Reeds Bellville		600	600
E Jacobs	Senior Clerk		
Battery Centre Mitchells Plain		118	118
F Badernhost	Councillor		
Turner and Townsend (Pty) Ltd		13 421	13 421
T Bulmer	Chief Physiotherapist		
E Barnard	Risk Manager		
P Naidoo	Doctor		
S Naicker	HOD		
M Low	Departmental Head		
SM O'Connell	Librarian		



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 Supply Chain Management regulations (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
Coeur Investments		2 716	2 716
P Bell	Sports Facilitator		
Computer Specialists (Pty) Ltd		2 184	2 184
N Orrie	Senior Superintendent		
Ithalomso (Pty) Ltd		21 595	21 595
SN Fumba	Specialist Clerk		
Mbolompo Property Specialist Pty Ltd		33	33
J Mbolompo	Councillor		
Naeem'S Truck & Coach		624	624
Z Smith	Department of Labor		
Designtec Printing Cc		740	740
M Mshweshwe	Manager: Access to information		
Bergstan South Africa Consulting		18 244	18 244
J Beukes	Department of Social Development		
Professional Emergency Care Cc		189	189
JM Bodmer	Metro Paramedics		
Lilian4Zonke (Pty) Ltd		2 586	2 586
F Monk	Sub Council Manager		
Sunshine Hello Design		70	70
MS Maroof	Professional Officer		
Purple Rose Distributors Cc		319	319
C Hector	Quality Assessor		
M Hector	Medical Doctor		
Mpumamanzi Group Cc		53	53
ER Bowers	Social Worker		
Mainstruct Projects Cc		36	36
E Benjamin	Clinical Psychologist		
Royal Haskoningdhv (Pty) Ltd		3 971	3 971
L Dladla	Deputy Director		
T Sithole	Associate Director		
JC Active Electrical		4	4
C van der Vendt	Clerk		
Skunyanas Trading		395	395
Y Skunyana	Senior Foreman		
Aurecon South Africa (Pty) Ltd		178 758	178 758
HC Ahlschlager	Legal Representative		
T Botha	Technical Manager		
Dr M Skead	Manager		
WZ Erasmus	Manager		
HG Esterhuysen	Manager		
T Govender	Administrator		
SM Grobbelaar	Town and Regional Planner		
A Heyns	Assistant Superintend		
JH Higgs	Regional Manager		
A Hougaard	Principle Network Controller		
J Jacobs	Personal Assistant to Chief Director		
BJ Cr Kriegler	Councillor		
R Reddy-Maduray	Project Preparation Specialist		
AJ Moore	Chief Engineer		
K Nadasen	Director		
D Ntsebeza	Sanitation Engineering Manager		



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 Supply Chain Management regulations (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
NH Ntsebeza	Nurse		
SM O'Connell	Librarian		
PW Pansegrouw	Senior Manager		
PS Pretorius	Chief Officer		
JH Riekert	Manager		
JM Robertson	Roads Engineer		
R Tebane	Executive Manager		
J Tredoux	Deputy Director		
ZC Venter	Deputy Director		
J Wilkins	Vice Director		
EPI-USE Africa (Pty) Ltd		15 853	15 853
J Alberts	Deputy Principal		
E Janse van Rensburg	Senior Manager		
Cape Town Skills Facilitors 786 Cc		71	71
T Jacobs	Deputy Director		
Isuzu Truck Centre		198 107	198 107
E Jacobs	Senior Clerk		
Piston Power Chemicals		1 822	1 822
N Andhee	Educator		
N Andhee	Educator		
AAE Catering		1 205	1 205
Y Ebrahim	Waste Water: Regional Operations Manager		
VW Civil Engineering Supplies Cc		1 441	1 441
N Pedro	Specialist Clerk		
Faydies Corporate Gifts		2 630	2 630
MF Votersen	Manager: Finance (EOAM)		
Democratic Packaging Cc		1 723	1 723
V van der Heever	Educator		
While Its Day		580	580
C Hector	Building Assessor		
M Hector	Medical Doctor		
Zaptron Pest Solutions		116	116
F Fortune	Psychologist		
F Fortune	Oral Hygienist		
Ds Gxilishe		108	108
S Gxilishe	Educator		
B Gxilishe	Senior Administrator		
SANCCOB		411	411
P Cilliers	Principal SAP-ERP Analyst		
LC Roberts	State Veterinarian: Epidemiologist		
Masibambane Recruitment (Pty) Ltd		23 319	23 319
V Williams	Stores Clerk		
Pathcare		62	62
C Maas (left service of State 01/06/2020)	Senior Medical Officer		
NCC Environmental Services (Pty) Ltd		45 541	45 541
C Rhoda	Invasive Species Programme Manager		
Ikapa Reticulation And Flow		35 672	35 672
S Davids	Educator		
Transport Telematics Africa		12 528	12 528
JJE Groenewald	Financial Officer		
Fleet Tech		1 113	1 113
S Willemse	Administrative Officer		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 Supply Chain Management regulations (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
Bowman Gilfillan Inc (Legal)		1 781	1 781
H Ben-David	Captain		
O Bhayat	Member of Mayoral Committee		
J van den Heuvel	Magistrate		
EJ van den Berg	School Psychologist		
M de Villers	Manager		
C Dyer	Deputy Director		
S February	Educator		
C Franklyn	Specialist Scientist		
Q Green	Director		
S Zondo	Operations Manager		
T Mtshali	Deputy Principal		
G Mellem	Teacher		
R Ramdenee	Vice President		
M Nyali	Teacher		
E Tipru	Senior Application Analyst		
S Pillay	Educator		
T Sass	Head: Compliance and Probity		
B Sepuba	Special Recruitment		
H Ben-David	Captain		
Norton Rose Fulbright South Africa		2 785	2 785
F Nonhlanhla	Telecom Operator		
S Clay	Educator		
E Maubane	Human Resources: Administrator		
C Sunpath	Medical Doctor		
H Sunpath	Chief Technical Advisor		
G Adams	Deputy Principal		
Conlog		3 407	3 407
N Moodley	Director		
Radian		1 722	1 722
P Naidoo	Programme Manager		
Tjeka Training Matters (Pty) Ltd		693	693
B Ntanti	Clerk		
Gibb		27 314	27 314
C Hering	Electrical Engineer		
S Singh	Human Resource: Officer		
D Alderman	Educator		
A Moon	Head: Business Continuity		
T Gqobo	Technician		
D O'Reilly	Warrant Officer		
S Cilliers	Educator		
S Jaffa	Assistant Manager		
V Sicwebu	Manager		
N Mkhize	Accounting Clerk		
I Brink	Educator		
J Gooch	Head		
L Cloete	Lecturer		
D Kiewiet	Manager		
R Beharie	Senior Engineer		
L Mkhumuzi	Senior Rates Clerk		
K Naidoo	Head		



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 Supply Chain Management regulations (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
Anlo Print And Mail Cc		143	143
N Taylor	Administrative Officer		
Kemanzi (Pty) Ltd		932	932
J du Toit	Inspector: Traffic		
LJA Construction Cc		8 406	8 406
L Arries	Educator		
The Environmental Partnership		235	235
F Shariff	Director: Strategic Assets		
Tree Cutting People		581	581
T Hlwatika	Clinical Nurse Practitioner		
Vinzeigh Leukes Trading		106	106
J Fortuin	Department of Rural Development		
Malherbe Tubb Faure Inc T/A Mhi Attorney		2 227	2 227
J Rossouw	Administrative Officer		
Bethel Buzz		125	125
N Williams	Senior Clerk		
S Jacobs	Soldier		
Reeds N1 City		569	569
E Jacobs	Senior Clerk		
EAS Infrastructure Engineers		1 184	1 184
J Brown	Coordinator: Housing Rental Stock		
Hygiene Service		1 758	1 758
S Zini (left service of State 30/11/2019)	EPWP Auxiliary Law Enforcement		
Mtjekube (Pty) Ltd		5	5
S Maizeme	Admin Clerk		
Trendcore Supplies		45	45
S Mepomie	Colonel		
Greenro Solutions (Pty) Ltd		24	24
N Thabeng	Forensic Analysis		
Charmlu Builders		21	21
C Absolom	Admin Clerk		
Niyalwa		156	156
M Sakwe	Quantity Surveyor		
WDW Maintenance Landscaping Delivery		15	15
C de Wee	Administrative Officer		
Yiza Apha Trading		245	245
AV Kelland	Administrative Officer		
Globreach (Pty) Ltd		385	385
MM Manci	Major-General		
Neoteric Trading Services		186	186
S Jacobs	Director		
Mgwevha Projects And Services (Pty)Ltd		50	50
N Nwabena	Clerk		
Zelunga Investment		9	9
TC Biyase	KZN Department of Education		
NP Biyase	Department of Water and Sanitation		
Athlone Auto Transmissions		612	612
N Joseph	Director		
Fikelela Labour Services		2 164	2 164
D Joseph	Member of Parliament		
Focal Medical Point SA		1 011	1 011
D Henkel	Learner Fire Fighter		



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 Supply Chain Management regulations (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2020	2020
Advocc Cc		32	32
I Zimri	Department of Health		
Likhona Lethu Services		5 973	5 973
Z Rafu	Police officer		
Succido Enterprises		249	249
L Kramm	PRASA		
WRP Consulting Engineers (Pty) Ltd		4 330	4 330
K Mamphitha	SABC		
Z van Rooyen	Department of Public Works		
Leibbrandt Training Academy Cc		45	45
H Benjamin	Psychologist		
Toxsolutions Kits And Services Cc		404	404
G Pearson	Rand Water		
CJ Supplies (Pty) Ltd		24	24
P Thomas	Superintendent		
Tsoga O Bune Building Enterprises Cc		6 470	6 470
K Kekana	Artisan (Engineering)		
HRK Cape (Pty) Ltd		917	917
T Sambo	Professional Officer		
Deo Favente Pty Ltd		136	136
CC Snell (left service of the State 27/06/2020)	EPWP		
JG Afrika (Pty) Ltd		34 792	34 792
R Maharaj	Planner		
Webber Wentzel		9 206	9 206
C Truter	Department of Education		
AM Truter	West Coast Education District		
E Watson	Department of Public Service		
JCL Smit	Beaufort West Municipality		
Dr D Singh	Department of Education		
P Singh	Department of Education		
N Dias	Senior Legal Advisor: Litigation		
		717 159	717 159
Individuals			
M Brink	Doctor	1 214	
P Naidoo	Project Manager: City of Cape Town	1 662	
Y Phosa	Parliament	52	
M Selepe	Deputy Director: City of Tswana	139	
		720 226	717 159

See annexure H for the 2019 list.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES

39.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
CTICC				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
Percentage owned			71,4%	71,4%
Arm's-length transactions for the year				
Receivables			2 245	2 487
Payables			8 684	-
Deposits			1 244	1 234
Service charges			27 126	24 295
Rental of letting stock and facilities			2 882	2 524

The City of Cape Town has leased the land, on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built to the CTICC as follows:

- Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum.
- Erf 270 for a period of 30 years, commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum.

Cape Town Stadium (RF) SOC Ltd

The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.

Percentage owned			100%	100%
Arm's-length transactions for the year				
Receivables			496	1 170
Payables			2 566	3 165
Service charges			8 744	10 035
Other income			18 955	17 094
Grants and subsidies paid			59 454	55 152

The City of Cape Town has leased Erf 2188, Green Point, being the Cape Town Stadium Precinct to the Cape Town Stadium municipal entity for an initial period of 50 years, commencing on 13 November 2019 with an option to renew for an additional 49 years, at a nominal rental amount of R100 per annum.

Cape Metropolitan Transport Fund (CMTF)

The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City of Cape Town. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.

Administrator

Arm's-length transactions for the year				
Funds held on behalf of CMTF	22 697	18 124	22 697	18 124
Grants and transfers – conditions met	1 059	2 323	1 059	2 323
Interest paid	1 218	1 135	1 218	1 135
Revenue collected	4 232	3 773	4 232	3 773



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.1 Municipal entities and special areas (continued)

	Economic entity		Municipality of Cape Town	
	2020	2019	2020	2019
CIDs				
These entities were established to enable projects at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.				
Special rating areas				
Arm's-length transactions for the year				
Levies			232 212	210 130
Arm's-length transactions have been concluded with members of key management as well as related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 496	1 426		
Woodstock CID: Lloyd's Project Management CC	-	675		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC – rental Received	317	291		

39.2 Executive management

39.2.1 Executive management members and Councillors

No members of the Entity's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

The below reporting transaction was on an arm's length basis between the City of Cape Town and a close family member of a key management personnel.

Name	Nature of Relation	Key Management	Transactions	Amount
Mbolompo Property Specialist (Pty) Ltd	Spouse	Cllr J Mbolompo	Rendering of services	23 644

39.2.2 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
2020				
Mayco members	13 081	18	612	13 711
Councillors	140 256	457	4 488	145 201
Subsidiaries: board members	900	-	-	900
TOTAL	154 237	475	5 100	159 812
2019				
Mayco members	12 458	32	499	12 989
Councillors	134 462	421	4 485	139 368
Subsidiaries: board members	743	-	-	743
TOTAL	147 663	453	4 984	153 100

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillor positions, whose aggregate remuneration amounted to R152,36 million for the period under review. The average remuneration per councillor is R0,687 million (2019: R0,659 million) per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 7 and 10 under "General information".



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 Executive management (continued)

39.2.3 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2020				
Executive Mayor				
Ald D Plato	1 445	-	-	1 445
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 052	-	123	1 175
Economic Opportunities and Asset Management				
Ald J Vos	1 109	-	-	1 109
Corporate Services				
Cllr SA Cottle	1 109	-	-	1 109
Community Services and Health				
Cllr ZA Badroodien	1 109	-	-	1 109
Energy and Climate change				
Cllr P Maxiti	1 109	-	-	1 109
Human Settlements				
Cllr M Booï	1 037	-	71	1 108
Safety and Security				
Ald JP Smith	999	18	93	1 110
Spatial Planning and Environment				
Ald M Niewoudt	1 017	-	93	1 110
Transport				
Ald F Purchase	993	-	116	1 109
Urban Management				
Ald G Twigg	993	-	116	1 109
Water and Waste				
Ald X Limberg	1 109	-	-	1 109
TOTAL	13 081	18	612	13 711

2019

Executive Mayor				
Ald D Plato	908	-	-	908
Ald P de Lille	450	14	-	464
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 011	-	120	1 131
Executive Finance				
Cllr J van der Merwe	335	-	39	374
Ald M Nieuwoudt	136	-	13	149
Economic Opportunities and Asset Management				
Ald J Vos	534	-	-	534
Assets and Facilities Management				
Ald J Vos	142	-	-	142
Cllr S Diamond	374	-	-	374
Corporate Services				
Cllr SA Cottle	682	-	-	682
Cllr R Arendse	374	-	-	374
Community Services and Health				
Cllr ZA Badroodien	534	-	-	534



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 Executive management (continued)

39.2.3 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS - continued			
	Annual salary	Car allowance	Social contribution	Total
2019 - continued				
Area-Based: South				
Cllr ZA Badroodien	148	-	-	148
Cllr E Andrews	374	-	-	374
Energy and Climate change				
Cllr P Maxiti	534	-	-	534
Area-Based: East				
Cllr P Maxiti	148	-	-	148
Cllr A Ntsodo	374	-	-	374
Human Settlements				
Cllr M Booï	498	-	35	533
Area-Based: Central				
Cllr M Booï	139	-	10	149
Cllr S Mamkeli	339	-	-	339
Safety and Security				
Ald JP Smith	948	18	90	1 056
Spatial Planning and Environment				
Ald M Niewoudt	488	-	46	534
Transport				
Ald F Purchase	476	-	58	534
Transport and Urban Development Authority				
Ald F Purchase	133	-	16	149
Cllr BN Herron	374	-	-	374
Urban Management				
Cllr G Twigg	477	-	57	534
Area-Based: North				
Cllr G Twigg	133	-	15	148
Cllr S Little	339	-	-	339
Water and Waste				
Cllr X Limberg	534	-	-	534
Informal Settlements, Water and Waste Services; Energy				
Cllr X Limberg	522	-	-	522
TOTAL	12 458	32	499	12 989



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 Executive management (continued)

39.2.4 Executive management

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2020						
City Manager						
L Mbandazayo	2 978	-	-	1	381	3 360
Corporate Services						
C Kesson	2 750	-	-	45	333	3 128
Community Services and Health						
V Botto	890	-	-	-	129	1 019
Economic Opportunities and Asset Management						
K le Keur	2 361	-	65	-	298	2 724
Energy and Climate Change						
KM Nassiep	2 450	-	295	33	2	2 780
Finance						
K Jacoby	2 731	-	81	-	275	3 087
Human Settlements						
NZ Gqiba	2 536	-	130	17	2	2 685
R Rughubar	151	-	-	-	22	173
Safety and Security Services						
R Bosman	2 654	-	95	-	333	3 082
Spatial Planning and Environment						
A Osman	2 351	-	53	-	345	2 749
Transport						
E Sass	2 820	-	-	-	395	3 215
M Whitehead	762	-	-	-	-	762
Urban Management						
P Mashoko	2 185	-	153	-	29	2 367
B Gerber *	-	-	-	-	-	-
Water and Waste						
M Webster **	2 386	-	88	19	185	2 678
	30 005	-	960	115	2 729	33 809
CTICC						
Chief Executive Officer: TM Motlhabane	918	335	-	-	-	1 253
Chief Executive Officer: J Ellingson	1 866	-	-	-	-	1 866
Key management: four staff members	6 735	901	-	-	-	7 636
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 714	-	-	-	255	1 969
Key management: two staff members	799	-	-	-	6	805
TOTAL	42 037	1 236	960	115	2 990	47 338

*Acted without compensation for period.

**Included in the annual salary amount is a Director Individual Performance Management performance (IPM) of R17,1 thousand for the period till November 2019.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 Executive management (continued)

39.2.4 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS - continued					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019						
City Manager						
L Mbandazayo	2 836	-	-	17	361	3 214
Corporate Services						
C Kesson *	206	-	-	-	26	232
Corporate Services: Directorate of the Mayor						
C Kesson	2 881	-	-	16	289	3 186
Community Services and Health						
E Sass	1 266	-	-	-	187	1 453
Social Services						
E Sass	1 282	-	-	-	182	1 464
Economic Opportunities & Asset Management						
K le Keur	819	-	64	-	114	997
Assets and Facilities Management						
K le Keur	931	-	64	-	114	1 109
Energy and Climate Change						
KM Nassiep	1 008	-	-	-	1	1 009
Energy						
KM Nassiep	1 108	-	-	-	1	1 109
Environmental Management						
A Osman	810	-	72	-	125	1 007
Finance						
K Jacoby	2 586	-	81	1	261	2 929
Human Settlements						
R Rughubar	854	-	-	-	125	979
Safety and Security Services						
R Bosman	2 444	-	96	-	303	2 843
Transport						
E Sass **	-	-	-	-	-	-
GL Fortune	737	-	-	3	107	847
M Whitehead	1 452	-	-	-	1	1 453
Transport and Urban Development Authority						
GL Fortune	839	-	-	10	127	976
M Whitehead	1 452	-	-	-	1	1 453

* Included in the annual salary amount is an arbitration award of R48,4 thousand.

** Acted without compensation for period.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 Executive management (continued)

39.2.4 Executive management (continued)

ANALYSIS OF REMUNERATION BENEFITS - continued						
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019 - continued						
Urban Management						
B van Schoor	815	-	60	-	97	972
Area-Based Service Delivery						
B van Schoor	658	-	51	-	78	787
L Scheepers	696	-	-	-	74	770
Water and Waste						
M Webster **	-	-	-	-	-	-
G Kaiser	1 196	-	45	1	30	1 272
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	1 434	-	54	26	33	1 547
	28 310	-	587	74	2 637	31 608
CTICC						
Chief Executive Officer: J Ellingson	2 308	311	-	-	-	2 619
Key management: four staff members	611	6 046	-	-	-	6 657
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 403	44	160	-	247	1 854
Acting Chief Financial Officer: K Theron	25	-	-	-	-	25
TOTAL	38 092	966	747	74	2 884	42 763

**Acted without compensation for period.

40. EVENTS AFTER REPORTING DATE

Due to the regulations relating to the combating of the COVID-19 pandemic the City's municipal entities are unable to conduct its normal business operations despite the country moving to level 1 lockdown regulations after the reporting date. Under level 1 there are still restrictions on conferences and events. The current regulations therefore continue to have a significant impact on the cash generating capabilities of the City's municipal entities which are both events driven. There is currently uncertainty as to when both municipal entities will be able to resume its normal business operations.

Management is not aware of any events after the reporting date that would materially alter the amounts or disclosure in these financial statements.



ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2020

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2019	Received during the year	Capitalised during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2020
MUNICIPALITY OF CAPE TOWN										
MARKETABLE BONDS										
Municipal Bond CCT01	12,570	830014004	2023	1 002 404	-	-	343	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	-	1 207 236
Municipal Bond CCT04 (Green bond)	11,160	830017007	2025	2 065 505	-	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	888 841	-	-	(4 361)	-	(100 000)	784 480
Total marketable bonds ¹				5 163 986	-	-	(4 018)	-	(100 000)	5 059 968
CONCESSIONARY LOANS										
DBSA	5,000	830012028	2020	3 878	-	-	(2)	124	(4 000)	-
AFD	5,763	830018500	2028	326 329	-	-	(676)	7 571	(40 000)	293 224
AFD	5,730	830018516	2028	325 896	-	-	(672)	7 647	(40 000)	292 871
AFD	5,755	830018530	2028	326 460	-	-	(675)	7 358	(40 000)	293 143
AFD	5,800	830018523	2028	318 342	-	-	(662)	7 289	(38 961)	286 008
KfW	8,107	830020016	2033	130 892	1 091 580	-	10 276	(120 518)	(85 867)	1 026 363
Total concessionary loans				1 431 797	1 091 580	-	7 589	(90 529)	(248 828)	2 191 609
OTHER LOANS										
DBSA	9,420	830012035	2020	9 341	-	-	(7)	-	(9 334)	-
DBSA	9,639	830013000	2022	46 703	-	-	(37)	-	(13 333)	33 333
DBSA	10,565	830013507	2022	46 706	-	-	(40)	-	(13 333)	33 333
Total other loans				102 750	-	-	(84)	-	(36 000)	66 666
TOTAL				6 698 533	1 091 580	-	3 487	(90 529)	(384 828)	7 318 243
CONTROLLED ENTITIES										
OTHER LOANS										
CID Brackenfell: ABSA	13,000	-	2019	30	185	-	-	-	(30)	185
CID Montague Gardens: Nedbank	12,251	-	2021	169	-	-	-	-	(90)	79
CID Claremont Road Co.: DBSA	-	-	2023	8 452	-	-	-	-	(1 844)	6 608
TOTAL				8 651	185	-	-	-	(1 964)	6 872
GRAND TOTAL				6 707 184	1 091 765	-	3 487	(90 529)	(386 792)	7 325 115

¹ Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

ANNEXURE B: Analysis of property, plant and equipment and other assets – economic entity

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Assets under construction	79 073	175	17 057	-	-	96 305	(16 091)	-	-	-	-	(16 091)	80 214
Vacant land	1 302 540	16 545	61 246	-	-	1 380 331	(260 341)	(2)	-	-	-	(260 343)	1 119 988
Land and buildings	4 170 121	176 093	110 818	-	(121)	4 456 911	(1 622 160)	(11)	(83 653)	(82017)	104	(1 787 737)	2 669 174
	5 551 734	192 813	189 121	-	(121)	5 933 547	(1 898 592)	(13)	(83 653)	(82017)	104	(2 064 171)	3 869 376
Infrastructure													
Assets under construction	2 525 750	(1 394 073)	1 964 659	-	-	3 096 336	-	-	-	-	-	-	3 096 336
Telecommunications	895 284	39 412	153 487	-	-	1 088 183	(125 160)	(6 878)	(70 320)	-	-	(202 358)	885 825
Drains	1 391 722	63 264	80 762	-	-	1 535 748	(501 548)	2 721	(52 319)	-	-	(551 146)	984 602
Roads	13 724 297	392 210	421 559	-	-	14 538 066	(4 225 803)	15 934	(440 909)	-	-	(4 650 778)	9 887 288
Beach improvements	182 873	-	482	-	-	183 355	(33 896)	-	(5 677)	-	-	(39 573)	143 782
Sewerage mains and purification	5 477 153	206 495	205 164	-	(8)	5 888 804	(2 071 047)	-	(279 150)	-	8	(2 350 189)	3 538 615
Security	1 312 815	2 409	185 834	-	-	1 501 058	(611 085)	10 786	(121 117)	-	-	(721 416)	779 642
Electricity peak load equipment and mains	10 695 483	92 832	494 712	-	-	11 283 027	(3 273 551)	-	(235 775)	-	-	(3 509 326)	7 773 701
Water mains and purification	5 355 417	202 263	491 354	-	-	6 049 034	(2 127 466)	3 040	(243 695)	(14 389)	-	(2 382 510)	3 666 524
Reservoirs - water	1 085 110	144 619	213 029	-	-	1 442 758	(427 994)	-	(42 267)	-	-	(470 261)	972 497
	42 645 904	(250 569)	4 211 042	-	(8)	46 606 369	(13 397 550)	25 603	(1 491 229)	(14 389)	8	(14 877 557)	31 728 812
Community assets													
Assets under construction	168 214	(151 307)	81 580	-	-	98 487	-	-	-	-	-	-	98 487
Parks and gardens	405 000	(63 108)	2 323	-	-	344 215	(83 143)	16 246	(11 299)	-	-	(78 196)	266 019
Libraries	335 845	2 859	12 490	-	-	351 194	(90 478)	11	(6 061)	-	-	(96 528)	254 666
Recreation facilities	5 730 743	(4 382 110)	26 852	-	-	1 375 485	(2 280 149)	1 691 662	(46 206)	(38)	-	(634 731)	740 754
Civic buildings	2 843 439	56 693	51 995	-	-	2 952 127	(785 044)	214	(48 556)	-	-	(833 386)	2 118 741
	9 483 241	(4 536 973)	175 240	-	-	5 121 508	(3 238 814)	1 708 133	(112 122)	(38)	-	(1 642 841)	3 478 667
Other assets													
Assets under construction	218 124	(182 073)	243 860	-	-	279 911	-	-	-	-	-	-	279 911
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 206 054	59 075	(27 622)	-	-	1 237 507	(671 919)	-	(43 865)	-	-	(715 784)	521 723
Furniture, fittings and equipment	1 273 411	5 018	126 792	-	(82 006)	1 323 215	(900 027)	(196)	(113 888)	-	77 773	(936 338)	386 877
Bins and containers	72 445	28	9 277	-	(1 321)	80 429	(63 811)	7 880	(3 606)	-	1 311	(58 226)	22 203
Emergency equipment	60 973	1 349	17 331	-	(3 254)	76 399	(41 995)	21	(7 017)	-	3 133	(45 858)	30 541
Motor vehicles and watercraft	1 776 016	141	551 923	-	(47 416)	2 280 664	(760 941)	(1 144)	(162 024)	-	39 521	(884 588)	1 396 076
Plant and equipment	1 270 691	2 823	80 447	-	(18 026)	1 335 935	(726 446)	516	(99 231)	(1 343)	17 123	(809 381)	526 554
Specialised vehicles	1 895 778	93	236 710	-	(7 428)	2 125 153	(805 863)	8 722	(121 197)	-	6 150	(912 188)	1 212 965
Computer equipment	2 578 809	7 374	202 066	-	(146 880)	2 641 369	(1 954 237)	6 181	(236 783)	(151)	145 103	(2 039 887)	601 482
Animals	1 299	-	-	-	(18)	1 281	(338)	5 774	(1 083)	-	18	4 371	5 652
	10 354 849	(106 172)	1 440 784	-	(306 349)	11 383 112	(5 926 826)	27 754	(788 694)	(1 494)	290 132	(6 399 128)	4 983 984
Service concession assets													
Assets under construction	-	-	39 276	-	-	39 276	-	-	-	-	-	-	39 276
Cape Town Stadium	-	4 607 215	154	-	(1 591)	4 605 778	-	(1 761 880)	(183 986)	-	1 341	(1 944 525)	2 661 253
Buses and depots	1 382 175	82 057	24 048	-	(9 864)	1 478 416	(675 334)	-	(41 726)	(3 861)	5 196	(715 725)	762 691
	1 382 175	4 689 272	63 478	-	(11 455)	6 123 470	(675 334)	(1 761 880)	(225 712)	(3 861)	6 537	(2 660 250)	3 463 220
Housing rental stock	3 102 806	92 671	74 062	-	(31 897)	3 237 642	(1 091 440)	-	(100 335)	-	25 982	(1 165 793)	2 071 849
TOTAL PPE	72 520 709	81 042	6 153 727	-	(349 830)	78 405 648	(26 228 556)	(403)	(2 801 745)	(101 799)	322 763	(28 809 740)	49 595 908

ANNEXURE B: Analysis of property, plant and equipment and other assets – economic entity *continued*

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(59 682)	-	(1 714)	-	-	(61 396)	63 105
	642 643	-	-	-	-	642 643	(59 682)	-	(1 714)	-	-	(61 396)	581 247
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(354 637)	-	(70 178)	-	-	(424 815)	136 626
Computer software	1 140 773	27 089	34 378	-	(429)	1 201 811	(646 360)	403	(87 537)	-	423	(733 071)	468 740
	1 702 214	27 089	34 378	-	(429)	1 763 252	(1 000 997)	403	(157 715)	-	423	(1 157 886)	605 366
TOTAL OTHER	2 355 137	27 089	34 378	-	(440)	2 416 164	(1 060 679)	403	(159 429)	-	423	(1 219 282)	1 196 882
GRAND TOTAL PPE AND OTHER	74 875 846	108 131	6 188 105	-	(350 270)	80 821 812	(27 289 235)	-	(2 961 174)	(101 799)	323 186	(30 029 022)	50 792 790

¹ See note 37 for more details.

ANNEXURE B: Analysis of property, plant and equipment and other assets – Municipality of Cape Town

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Vacant land	1 302 540	16 545	61 246	-	-	1 380 331	(260 341)	(2)	-	-	-	(260 343)	1 119 988
Land and buildings	2 856 821	176 268	88 454	-	-	3 121 543	(724 600)	(11)	(59 148)	(2)	-	(783 761)	2 337 782
	4 159 361	192 813	149 700	-	-	4 501 874	(984 941)	(13)	(59 148)	(2)	-	(1 044 104)	3 457 770
Infrastructure													
Assets under construction	2 525 750	(1 394 073)	1 964 659	-	-	3 096 336	-	-	-	-	-	-	3 096 336
Telecommunications	895 284	39 412	153 487	-	-	1 088 183	(125 160)	(6 878)	(70 320)	-	-	(202 358)	885 825
Drains	1 391 722	63 264	80 762	-	-	1 535 748	(501 548)	2 721	(52 319)	-	-	(551 146)	984 602
Roads	13 724 297	392 210	421 559	-	-	14 538 066	(4 225 803)	15 934	(440 909)	-	-	(4 650 778)	9 887 288
Beach improvements	182 873	-	482	-	-	183 355	(33 896)	-	(5 677)	-	-	(39 573)	143 782
Sewerage mains and purification	5 477 153	206 495	205 164	-	(8)	5 888 804	(2 071 047)	-	(279 150)	-	8	(2 350 189)	3 538 615
Security	1 312 815	2 409	185 834	-	-	1 501 058	(611 085)	10 786	(121 117)	-	-	(721 416)	779 642
Electricity peak load equipment and m	10 695 483	92 832	494 712	-	-	11 283 027	(3 273 551)	-	(235 775)	-	-	(3 509 326)	7 773 701
Water mains and purification	5 355 417	202 263	491 354	-	-	6 049 034	(2 127 466)	3 040	(243 695)	(14 389)	-	(2 382 510)	3 666 524
Reservoirs - water	1 085 110	144 619	213 029	-	-	1 442 758	(427 994)	-	(42 267)	-	-	(470 261)	972 497
	42 645 904	(250 569)	4 211 042	-	(8)	46 606 369	(13 397 550)	25 603	(1 491 229)	(14 389)	8	(14 877 557)	31 728 812
Community assets													
Assets under construction	168 214	(151 307)	81 580	-	-	98 487	-	-	-	-	-	-	98 487
Parks and gardens	405 000	(63 108)	2 323	-	-	344 215	(83 143)	16 246	(11 299)	-	-	(78 196)	266 019
Libraries	335 845	2 859	12 490	-	-	351 194	(90 478)	11	(6 061)	-	-	(96 528)	254 666
Recreation facilities	5 730 743	(4 382 110)	26 852	-	-	1 375 485	(2 280 149)	1 691 662	(46 206)	(38)	-	(634 731)	740 754
Civic buildings	2 843 439	56 693	51 995	-	-	2 952 127	(785 044)	214	(48 556)	-	-	(833 386)	2 118 741
	9 483 241	(4 536 973)	175 240	-	-	5 121 508	(3 238 814)	1 708 133	(112 122)	(38)	-	(1 642 841)	3 478 667
Other assets													
Assets under construction	218 124	(182 073)	243 860	-	-	279 911	-	-	-	-	-	-	279 911
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 206 054	59 075	(27 622)	-	-	1 237 507	(671 919)	-	(43 865)	-	-	(715 784)	521 723
Furniture, fittings and equipment	1 203 632	5 018	120 154	-	(74 849)	1 253 955	(865 269)	(196)	(103 082)	-	70 732	(897 815)	356 140
Bins and containers	72 445	28	9 277	-	(1 321)	80 429	(63 811)	7 880	(3 606)	-	1 311	(58 226)	22 203
Emergency equipment	60 973	1 349	17 331	-	(3 254)	76 399	(41 995)	21	(7 017)	-	3 133	(45 858)	30 541
Motor vehicles and watercraft	1 687 445	141	548 215	-	(47 106)	2 188 695	(716 633)	(1144)	(156 468)	-	39 361	(834 884)	1 353 811
Plant and equipment	1 270 691	2 823	80 447	-	(18 026)	1 335 935	(726 446)	516	(99 231)	(1 343)	17 123	(809 381)	526 554
Specialised vehicles	1 895 778	93	236 710	-	(7 428)	2 125 153	(805 863)	8 722	(121 197)	-	6 150	(912 188)	1 212 965
Computer equipment	2 488 312	7 057	189 611	-	(140 933)	2 544 047	(1 894 655)	6 498	(222 565)	(151)	139 183	(1 971 690)	572 357
Animals	1 299	-	-	-	(18)	1 281	(338)	5 774	(1 083)	-	18	4 371	5 652
	10 106 002	(106 489)	1 417 983	-	(292 935)	11 124 561	(5 788 178)	28 071	(758 114)	(1 494)	277 011	(6 242 704)	4 881 857
Service concession assets													
Assets under construction	-	-	39 276	-	-	39 276	-	-	-	-	-	-	39 276
Cape Town Stadium	-	4 607 215	154	-	(1 591)	4 605 778	-	(1 761 880)	(183 986)	-	1 341	(1 944 525)	2 661 253
Buses and depots	1 382 175	82 057	24 048	-	(9 864)	1 478 416	(675 334)	-	(41 726)	(3 861)	5 196	(715 725)	762 691
	1 382 175	4 689 272	63 478	-	(11 455)	6 123 470	(675 334)	(1 761 880)	(225 712)	(3 861)	6 537	(2 660 250)	3 463 220
Housing rental stock	3 102 806	92 671	74 062	-	(31 897)	3 237 642	(1 091 440)	-	(100 335)	-	25 982	(1 165 793)	2 071 849
TOTAL PPE	70 879 489	80 725	6 091 505	-	(336 295)	76 715 424	(25 176 257)	(86)	(2 746 660)	(19 784)	309 538	(27 633 249)	49 082 175

ANNEXURE B: Analysis of property, plant and equipment and other assets – Municipality of Cape Town continued

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(59 682)	-	(1 714)	-	-	(61 396)	63 105
	642 643	-	-	-	-	642 643	(59 682)	-	(1 714)	-	-	(61 396)	581 247
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(354 637)	-	(70 178)	-	-	(424 815)	136 626
Computer software	1 129 306	27 406	32 579	-	(429)	1 188 862	(642 932)	86	(83 387)	-	423	(725 810)	463 052
	1 690 747	27 406	32 579	-	(429)	1 750 303	(997 569)	86	(153 565)	-	423	(1 150 625)	599 678
TOTAL OTHER	2 343 670	27 406	32 579	-	(440)	2 403 215	(1 057 251)	86	(155 279)	-	423	(1 212 021)	1 191 194
GRAND TOTAL PPE AND OTHER	73 223 159	108 131	6 124 084	-	(336 735)	79 118 639	(26 233 508)	-	(2 901 939)	(19 784)	309 961	(28 845 270)	50 273 369

¹ See note 37 for more details.

ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	2020	2019	2018
MUNICIPALITY OF CAPE TOWN			
Bank accounts held with			
Nedbank			
Main bank	242 494	214 486	181 975
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
Amortised cost	242 494	214 486	181 975
ABSA			
Main bank	-	-	19 598
IRT bank	7 882	31 467	8 162
Amortised cost	7 882	31 467	27 760
Amortised cost - see note 10	250 376	245 953	209 735
SUBSIDIARIES			
CTICC			
Bank accounts			
Nedbank - current	-	-	753
ABSA Bank - current	31	8 309	1 254
ABSA Bank - CTICC east - current	1	207	967
ABSA Bank - exh serv - current	21	660	642
ABSA Bank Treasury	1	75	71
ABSA Bank Treasury	1	2 607	2 451
Nedbank - CTICC main current	1 613		
Nedbank - CTICC payroll	129		
Nedbank - CTICC east	35		
Nedbank - CTICC merchant services	12		
Nedbank - CTICC E-commerce	1		
Amortised cost	1 845	11 858	6 138
City improvement districts	124 925	110 502	95 246
Cape Town Stadium (RF) SOC LTD	-	11	
Total bank balances - see note 10	377 146	368 324	311 119
MUNICIPALITY OF CAPE TOWN			
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	883	730	226
City of Cape Town	63	65	5 196
City of Cape Town	1 394	1 416	138
City of Cape Town	1 463	3 341	996
City of Cape Town	5 301	4 992	2 569
City of Cape Town	679	736	945
City of Cape Town	229	534	592
City of Cape Town	647	872	111
City of Cape Town	460	200	182
City of Cape Town	286	-	
	11 405	12 886	10 955
ABSA			
City of Cape Town			-
City of Cape Town			13
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			8
City of Cape Town			-
			21
Fair value - see note 10	11 405	12 886	10 976
City of Cape Town	-	-	-
Fair value	11 405	12 886	10 976



ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA *continued*

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	2020	2019	2018
SUBSIDIARY			
CTICC			
Investments accounts			
Nedbank - call deposit	-	20	19
ABSA Bank - call deposit	-	386	14 424
First National Bank - RMB investment	-	-	14 834
Stanlib - bank	30 462	24 501	27 909
Investec - bank	37 012	14 263	37 946
ABSA Bank - call deposit	-	3	3
Nedgroup - money market fund	34 915	30 729	28 663
Nedgroup - corporate money market	32 274	36 759	35 298
ABSA Bank - call account	162	48 938	711
ABSA Bank - CTICC money market fund	33 915	14 623	13 646
ABSA Bank - guarantee	-	-	45 225
Nedbank - CTICC daily call deposit	229		
Amorised cost	168 969	170 222	218 678

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2020	2019
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	100 000	100 000
Guarantee facility (non-cash-covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	2 000	4 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

Guarantee facility (non-cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

BUSINESS ACTIVITIES	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-departmental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration	(18 782 775)	10 293 381	(8 489 394)	(194 943)	(8 294 451)	(12 676)	(8 281 775)	(6 117 553)
Executive and Council	(990)	493 243	492 253	2 731	489 522	-	489 522	529 061
Finance and Administration	(18 781 758)	9 752 307	(9 029 451)	(197 866)	(8 831 585)	(12 676)	(8 818 909)	(6 693 470)
Internal Audit	(27)	47 831	47 804	192	47 612	-	47 612	46 856
Community and Public Safety	(3 648 903)	8 920 157	5 271 254	661 566	4 609 688	(720 312)	5 330 000	5 375 654
Community and Social Services	(175 379)	1 168 622	993 243	46 343	946 900	(43 425)	990 325	988 258
Sport and Recreation	(67 059)	1 475 577	1 408 518	262 642	1 145 876	(12 799)	1 158 675	1 095 275
Public Safety	(1 310 857)	3 062 283	1 751 426	21 391	1 730 035	(14 613)	1 744 648	1 810 810
Housing	(1 666 715)	1 919 766	253 051	315 729	(62 678)	(624 689)	562 011	639 778
Health	(428 893)	1 293 909	865 016	15 461	849 555	(24 786)	874 341	841 533
Economic and Environmental Services	(1 880 928)	5 157 397	3 276 469	219 695	3 056 774	(587 312)	3 644 086	3 734 122
Planning and Development	(379 454)	1 334 420	954 966	29 936	925 030	(24 691)	949 721	1 014 672
Road Transport	(1 480 560)	3 625 025	2 144 465	180 143	1 964 322	(562 516)	2 526 838	2 563 310
Environmental Protection	(20 914)	197 952	177 038	9 616	167 422	(105)	167 527	156 140
Trading Services	(30 640 050)	26 153 567	(4 486 483)	(692 582)	(3 793 901)	(657 262)	(3 136 639)	(2 752 173)
Energy Sources	(15 439 421)	13 352 671	(2 086 750)	1 357 898	(3 444 648)	(55 089)	(3 389 559)	(3 089 228)
Water Management	(7 004 400)	6 485 948	(518 452)	411 856	(930 308)	(323 522)	(606 786)	(785 133)
Waste water management	(4 003 422)	3 185 618	(817 804)	(825 743)	7 939	(278 651)	286 590	565 694
Waste management	(4 192 807)	3 129 330	(1 063 477)	(1 636 593)	573 116	-	573 116	556 494
Subsidiaries	(553 791)	668 481	114 690	6 264	108 426	-	108 426	187 434
Cape Town International Convention Centre	(220 908)	354 494	133 586	38 019	95 567	-	95 567	198 630
Cape Town Stadium	(76 578)	76 578	-	(31 755)	31 755	-	31 755	-
City improvement districts	(256 305)	237 409	(18 896)	-	(18 896)	-	(18 896)	(11 196)
TOTAL	(55 506 447)	51 192 983	(4 313 464)	-	(4 313 464)	(1 977 562)	(2 335 902)	427 484

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year
					Operating	Capital			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(344)	-	-	-	51	-	-	(293)
Department of Environmental Affairs and Tourism	Environmental Affairs	(489)	(110)	-	275	-	-	-	(324)
Energy Efficiency Electricity Demand Side Management	Energy	-	(11 065)	-	640	10 425	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(32 877)	359	24 146	594	-	-	(7 778)
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	-	(204 241)	-	204 241	-	-	-
Infrastructure Skills Development	National Treasury	(3 271)	(11 000)	3 308	10 963	-	-	-	-
Integrated City Development Grant	National Treasury	(10 330)	(55 387)	8 690	2 664	40 179	-	-	(14 184)
Municipal Disaster Grant	Department of Corporate Governance	(1 231)	-	1 232	-	(1)	-	-	-
Municipal Disaster Recovery Grant	Department of Corporate Governance	(199 589)	-	40	-	199 549	-	-	-
Neighbourhood Development Programme	National Treasury	-	(42 000)	2 068	-	13 785	-	-	(26 147)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(653)	(1 327)	77	660	-	-	-	(1 243)
Public Transport Network Grant	Transport	(122 514)	(1 311 645)	266 515	468 257	377 385	-	-	(322 002)
Public Transport Network Grant - BFI	Transport	-	-	(82 089)	-	35 570	-	-	(46 519)
Restructuring Grant - Seed Funding	National Treasury	(2 076)	-	-	-	341	-	-	(1 735)
Special Projects	Environmental Affairs	(2 033)	-	322	1 740	-	19	(48)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(130)	-	123	15	-	12	(20)	-
Tirelo Boshia Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(178 147)	(1 512 724)	413 473	125 233	992 631	-	-	(159 534)
Total DoRA allocation		(520 882)	(2 979 135)	409 877	635 593	1 874 750	31	(68)	(579 834)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		(320)	-	-	-	-	-	-	(320)
Natural Resource Management: Interest account		(10)	-	-	-	-	(1)	-	(11)
Neighbourhood Development Programme: Interest account		(1 190)	-	-	-	-	(1 319)	-	(2 509)
Peninsula Wetlands Rehabilitation Project: Interest account		(2)	-	-	-	-	(25)	-	(27)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Public Transport Infrastructure Systems Grant: Interest account		(203 766)	(31)	-	9 822	-	(13 204)	-	(207 179)
Public Transport Infrastructure Grant: Interest account		(39 366)	-	-	-	-	(2 606)	-	(41 972)
Public Transport Network Grant: Interest account		(74 019)	-	-	-	-	(30 691)	-	(104 710)
Public Transport Network Grant - BFI: Interest account		(185)	-	-	-	-	(445)	-	(630)
Public Transport Network Operations Grant: Interest account		(16 079)	-	-	-	-	(1 065)	-	(17 144)
Smart Living Handbook: Interest account		(107)	-	-	-	-	(7)	-	(114)
Special Projects		(4)	-	-	-	-	4	-	-
Terrestrial Invasive Alien Plants: Interest account		(33)	-	-	-	-	33	-	-
Total interest earned		(335 327)	(31)	-	9 822	-	(49 326)	-	(374 862)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		(856 209)	(2 979 166)	409 877	645 415	1 874 750	(49 295)	(68)	(954 696)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(94)	-	94	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	-	-	-	-	-	(5 812)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	414	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(10 975)	-	10 975	-	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(900)	-	3 195	-	-	(712)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	(15 809)	54 448	-	-	(38 639)	-
Delft The Hague / Roosendal Eindhoven	Human Settlements	(2 263)	-	-	17 000	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 439)	-	-	52 534	-	-	(46 095)	-
Edward Road Energy Efficient Project	Human Settlements	(3 810)	-	-	-	-	(252)	-	(4 062)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 466)	-	1 430	5 452	-	-	-	(3 584)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	(25 206)	25 728	31 537	-	-	(32 059)	-
Eradication of Registration Backlog	Human Settlements	(2 221)	-	-	421	-	-	-	(1 800)
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)
Establishment Grants	Human Settlements	(948)	-	1 003	-	-	(56)	-	(1)
Facilitation Grants	Human Settlements	(1 406)	-	1 460	-	-	(86)	-	(32)
Finance Management Support Grant	Treasury	(2)	(230)	2	230	-	-	-	-
Financial Management Capacity Building Grant	Treasury	(365)	(380)	244	500	-	(20)	-	(21)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	(26 947)	27 375	-	-	(428)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(152)	-	-	1 576	-	-	(1 576)	(152)
Glenhaven Social Housing Project	Human Settlements	(4 352)	-	(14 728)	31 383	-	-	(12 303)	-
Government Grant Community Development Workers	WCG Local Government	(475)	(2 034)	478	451	-	(5)	-	(1 585)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(31 182)	-	-	7 361	-	-	-	(23 821)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(8)	-	-	8	-	-	-	-
Heideveld Housing Infill	Human Settlements	(1 560)	-	-	18	-	-	-	(1 542)
HIV/AIDS Community Based Response Projects	Health	(25 240)	(263 243)	-	257 047	-	-	-	(31 436)
Housing Settlements Development Grant	Human Settlements	-	(286 311)	239 916	-	-	-	-	(46 395)
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects: Urban Engineering	Human Settlements	-	-	(10 096)	46 629	-	-	(36 533)	-
Informal Settlements	Human Settlements	(567)	(1 500)	38	927	-	-	-	(1 102)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	(2 635)	(2 300)	-	4 258	-	-	-	(677)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	1 061	-	-	-	(1 061)	-
Khayelitsha Site C Subsidies	Human Settlements	(5 082)	-	-	-	-	(336)	-	(5 418)
Kleinvlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Community Safety	(217)	(4 159)	-	4 207	6	(21)	-	(184)
Law Enforcement Officers - LEAP	Community Safety	-	(130 000)	-	79 568	19 039	(1 308)	-	(32 701)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(193)	(5 150)	-	5 294	-	(213)	-	(262)
Library Metro Grant	Cultural Affairs and Sport	(1 244)	(10 000)	-	-	10 663	(443)	-	(1 024)
Marconi Beam	Human Settlements	-	(1 763)	-	-	-	-	-	(1 763)
Metropolitan Land Transport Fund	Transport and Public Works	(11 384)	(27 000)	3 666	33 699	-	(101)	-	(1 120)
Mitchell's Plain Infill Phase 1	Human Settlements	(3 945)	-	3 945	-	-	-	-	-
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	-	-	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	(41)	-	-	41	-	(3)	-	(3)
NHBRC Enrollment Fees	Human Settlements	(1 857)	-	-	10 434	-	-	(8 577)	-
Nutrition Supplement Programme	Health	-	(5 465)	695	5 373	-	-	(603)	-
Occupancy Survey	Human Settlements	(10 431)	-	-	1 323	-	-	-	(9 108)
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	-	-	-	-	(321)
Peoples Housing Project	Human Settlements	(64 826)	-	(143 944)	139 565	-	(3 583)	-	(72 788)
Philippi East Top Structures	Human Settlements	(1)	-	1	-	-	-	-	-
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Prov Docs Mod Centre Deployment	Community Safety	(165)	-	-	-	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(7 610)	(47 062)	4 427	47 110	2 607	(891)	-	(1 419)
Rou Emoh Housing Development	Human Settlements	(194)	-	-	-	-	(13)	-	(207)
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	1 389	-	-	-	-
Somerset West Housing Project	Human Settlements	(12 393)	-	(12 203)	20 014	-	-	-	(4 582)
Sport and Recreation	Cultural Affairs and Sport	-	(779)	-	-	772	(7)	-	(14)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	7 117	-	-	-	-	-
Tambo Square	Human Settlements	(286)	-	286	-	-	-	-	-
TB Crisis Plan	Health	(678)	(29 682)	-	30 666	-	-	(306)	-
Title Deeds Restoration	Human Settlements	(26 757)	-	-	26 712	-	-	-	(45)
Vaccines	Health	-	(120 142)	25 692	98 845	-	-	(4 395)	-
Vrygrond	Human Settlements	(33)	-	15	-	-	-	-	(18)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 980)	-	10 980	-	-	-	-	-
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	-	(15 000)	-	11 897	279	-	-	(2 824)
TOTAL PROVINCE TRANSFERS AND GRANTS		(299 189)	(977 406)	115 040	1 055 292	36 561	(7 338)	(197 312)	(274 352)
Analysis of grants and subsidies									
Total National Government transfers and grants		(856 209)	(2 979 166)	409 877	645 415	1 874 750	(49 295)	(68)	(954 696)
Total Province transfers and grants		(299 189)	(977 406)	115 040	1 055 292	36 561	(7 338)	(197 312)	(274 352)
		(1 155 398)	(3 956 572)	524 917	1 700 707	1 911 311	(56 633)	(197 380)	(1 229 048)

¹ The balance unspent at beginning and end of the year excludes VAT.

ANNEXURE F: Disclosure of grants in terms of S14(4)(a) of DORA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS		
	Budget	Expenditure
Metro southeast corridor		
Integrated City Development Grant (ICDG)	33 661	27 319
Public Transport Network Grant (PTNG)	17 569	16 119
Neighbourhood Development Partnership Grant (NDPG)	4 960	4 960
Urban Settlements Development Grant (USDG)	227 138	220 099
	283 328	268 497
Voortrekker Road corridor		
Integrated City Development Grant (ICDG)	12 182	11 777
Urban Settlements Development Grant (USDG)	102 465	96 954
	114 647	108 731
Blue Downs Symphony Way		
Urban Settlements Development Grant (USDG)	92 943	87 863
Integrated City Development Grant (ICDG)	1 083	1 083
Public Transport Network Grant (PTNG)	324 267	14 937
	418 293	103 883
GRAND TOTAL	816 268	481 111

ANNEXURE G: Appropriation statement (reconciliation: budget and in-year performance) - continued

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	2019/20										2018/19				
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure ¹	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	9 916 685	(19 531)	9 897 154	-	-	9 897 154	10 062 916	-	-	102	101	-	-	-	-
Service charges	19 690 196	15 284	19 705 480	-	-	19 705 480	20 095 142	-	-	102	102	-	-	-	-
Investment revenue	919 395	6 939	926 334	-	-	926 334	1 304 756	-	-	141	142	-	-	-	-
Transfers recognised - operational	7 376 568	484 733	7 861 301	-	-	7 861 301	7 553 698	-	-	96	102	-	-	-	-
Other own revenue	3 336 547	(225 780)	3 110 767	-	-	3 110 767	3 561 439	-	-	114	107	-	-	-	-
Total revenue (excluding capital transfers and contributions)	41 239 391	261 645	41 501 036	-	-	41 501 036	42 577 951	-	-	103	103	-	-	-	-
Employee costs	13 937 485	126 725	14 064 210	-	(20 193)	14 044 017	12 880 761	-	-	92	92	-	-	-	-
Remuneration of councillors	180 399	40	180 439	-	-	180 439	168 420	-	-	93	93	-	-	-	-
Debt impairment	2 341 628	145 941	2 487 569	-	-	2 487 569	2 804 045	-	-	113	120	-	-	-	-
Depreciation and asset impairment	3 070 201	164 079	3 234 280	-	-	3 234 280	3 004 005	-	-	93	98	-	-	-	-
Finance charges	791 499	10 060	801 559	-	1 570	803 129	815 108	-	-	101	103	-	-	-	-
Materials and bulk purchases	11 704 365	(504 004)	11 200 361	-	(35 703)	11 164 658	11 169 610	-	-	100	95	-	-	-	-
Transfers and grants	446 206	145 951	592 157	-	6 311	598 468	394 010	-	-	66	88	-	-	-	-
Other expenditure	9 647 198	(334 614)	9 312 584	-	48 015	9 360 599	8 980 363	-	-	96	93	-	-	-	-
Total expenditure	42 118 981	(245 822)	41 873 159	-	-	41 873 159	40 216 322	-	-	96	95	-	-	-	-
Surplus/(deficit)	(879 590)	507 467	(372 123)	-	-	(372 123)	2 361 629	-	-	-	(268)	-	-	-	-
Transfers recognised - capital	2 265 085	133 488	2 398 573	-	-	2 398 573	1 951 835	-	-	81	86	-	-	-	-
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	1 385 495	640 955	2 026 450	-	-	2 026 450	4 313 464	-	-	213	311	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	1 385 495	640 955	2 026 450	-	-	2 026 450	4 313 464	-	-	213	311	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	2 211 385	145 051	2 356 436	-	-	2 356 436	1 906 365	-	-	81	86	-	-	-	-
Public contributions and donations	53 700	(11 563)	42 137	-	-	42 137	40 480	-	-	96	75	-	-	-	-
Borrowing	1 091 580	-	1 091 580	-	-	1 091 580	1 060 483	-	-	97	97	-	-	-	-
Internally generated funds	5 085 442	(1 795 993)	3 289 449	-	-	3 289 449	3 027 361	6 567	-	92	60	-	-	-	-
Total sources of capital funds ¹	8 442 107	(1 662 505)	6 779 602	-	-	6 779 602	6 034 689	6 567	-	89	71	-	-	-	-
Cash flows															
Net cash from (used) operating	4 539 892	70 682	4 610 574	-	-	4 610 574	7 073 449	-	-	153	156	-	-	-	-
Net cash from (used) investing	(7 761 267)	1 489 927	(6 271 340)	-	-	(6 271 340)	(6 837 208)	-	-	109	88	-	-	-	-
Net cash from (used) financing	748 685	(887)	747 798	-	-	747 798	713 432	-	-	95	95	-	-	-	-
Cash/cash equivalents at the year end	4 985 877	1 559 722	7 530 759	-	-	7 530 759	9 366 569	-	-	124	188	-	-	-	-
Net increase in cash and cash equivalents	(2 472 690)	1 559 722	(912 968)	-	-	(912 968)	949 673	-	-	(104)	(38)	-	-	-	-

¹ See note 37 for more details.

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2019

Rand thousands (R'000)

Connected person	Position held in State	Economic entity	Municipality of Cape Town
		2019	2019
AURECON		156 417	156 417
H Ahlschlager	Legal Representative		
C Barry	Head		
T Botha	Technical Manager		
W Erasmus	Program Manager		
H Esterhysen	Senior Manager		
T Govender	Maintenance Administrator		
S Grobbelaar	Town Planner		
E Herholdt	Manager		
A Heyns	Engineer		
J Higgs	Regional Manager		
J Jacobs	PA		
B Kleynhans	Accountant		
B Kriegler	Councillor: Breede Valley Municipality		
M Marques	Deputy Director		
D Mayekiso	Assistant Director		
A Moore	Chief Engineer		
K Nadasen	Director		
S Seegers	Head		
M Skead	Senior Manager		
BOWMAN GILFILLAN INC (LEGAL)		879	879
H Ben - David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Project and Process Manager		
C Dyer	Deputy Director		
S February	Teacher		
C Franklyn	Specialist Scientist		
Q Green	Director Finance		
C la Marque	Regional Magistrate		
M Majola	Manager		
C Maree	Senior Family Advocate		
G Mellem	Teacher		
M Nyali	Teacher		
N Nyali	Chief Education Specialist		
R Ordelheide	Intern		
Z Pali	Assistant Director		
S Pillay	Educator		
T Sass	Head		
B Sepuba	Special Recruitment		
E van den Berg	School Psychologist		
J van den Heuvel	Magistrate		
A Visser	Maintenance Manager		
DESIGNTEC PRINTING CC		386	386
M Mshweshwe	Manager Legal Services		
H Rauch	Program Manager		



ANNEXURE H: Bids awarded to family of employees in the service of the state – 2019^{continued}

Rand thousands (R'000)

Connected person	Position held in state	Economic entity 2019	Municipality of Cape Town 2019
GIBB		39 785	39 785
R Beharie	Senior Engineer		
I Brink	Teacher		
S Cilliers	Teacher		
J Gooch	Head		
D Kiewiet	Area Manager		
U Lekonyana	Deputy Director: National Treasury		
N Mkhize	Accounting Clerk		
A Moon	Head		
N Mzayiya	Correctional Officer		
K Naidoo	Head		
JAKEPRO BUILDING PROJECTS AND SERVICE		164	164
Y Jacobs	Department of Health		
O Khan	Department of Defence		
PURPLE ROSE DISTRIBUTORS CC		1 043	1 043
C Hector	Quality Assessor		
M Hector	Medical Doctor		
SMEC SOUTH AFRICA (PTY) LTD		53 384	53 384
A Meyer	Professional Officer		
P Phosa	Parliament		
C Wyngaard	Senior Clerk		
SPOTLESS BY SAM		23	23
E Neethling	Attendant		
I Olfant	Forensic Pathology		
TURNER AND TOWNSEND (PTY) LTD		9 758	9 758
E Barnard	Risk manager		
T Bulmer	Chief Therapist		
D Dauncey	Facilities Manager Krugersdorp		
G Harmse	Senior Manager		
N Satar	Chris Hani Hospital		
J Ziki	Medical Officer		
WHILE ITS DAY		2 221	2 221
C Hector	Quality Assessor		
M Hector	Medical Doctor		
ZAPTRON PEST SOLUTIONS		80	80
F Fortune	SANDF		
F Fortune	Western Cape Health Department		
INDIVIDUALS			
N Andhee	Department of Education	1 794	1 794
T Arendse	Senior Foreman	150	150
L Arries	Educator	21 177	21 177
R Badenhorst	Councillor: Stellenbosch Municipality	910	910
T Barends	SAP Developer	49	49
P Bell	DCAS	5 415	5 415
J Beukes	Department of Health	30 273	30 273
J Bodmer	Metro Paramedic	76	76
E Bowers	Social Worker	238	238
M Brink	Doctor	1 263	-



ANNEXURE H: Bids awarded to family of employees in the service of the state – 2019^{continued}

Rand thousands (R'000)

		Economic entity	Municipality of Cape Town
Connected person	Position held in state	2019	2019
INDIVIDUALS - continued			
G Buitendag	Head Payroll Benefits	11	11
R Conrad	Professional Officer	119	119
A Damons	Clerk	2 143	2 143
SF Davids	Department of Education	35 261	35 261
C de Wee	Administrative Officer	164	164
J du Toit	Traffic Inspector	1 357	1 357
Y Ebrahim	Manager Waste Water	1 879	1 879
H Eksteen	Parliamentary Liaison Officer	3	3
S Fumba	Specialist Clerk	10 818	10 818
S Gxilishe	Educator	117	117
C Henderson	Educator	66	66
F Hendricks	Administrative Officer	39	39
M Hendricks	Artisan	21	21
E Jacobs	Senior Clerk	256 895	256 895
NE Jacobs	Administrative Clerk	111	111
S Jacobs	Director: Cape Agulhus Municipality	14	14
T Jacobs	Deputy Director: Department of Premier	239	239
A Kelland	Administrative Officer	407	407
R Maharaji	Umngeni Water	41 983	41 983
M Maroof	Professional Officer	42	42
S Melane	Senior Clerk	101	101
S Merile	Small Plant Operator	840	840
K Modack	Senior Professional Officer	1 379	1 379
F Monk	Subcouncil Manager	1 477	1 477
N Moodley	Director: Department of Health	4 672	4 672
M Mvalo	Professional Officer	1 846	1 846
P Naidoo	Project Manager: City of Cape Town	2 265	-
R Naidoo	IT Contractor	99	99
B Ntlati	Clerk	1 288	1 288
N Orrie	Senior Superintendent	2 744	2 744
R Parker	Department of Education	1 096	1 096
N Pedro	Specialist Clerk	259	259
L Pieters	Educator	443	443
L Pietersen	Educator	32	32
M Rhodes	Educator	7 383	7 383
A Sangster	Support Assistant	25 838	25 838
M Selepe	Deputy Director: City of Tswane	472	-
F Shariff	Director Property Management	934	934
Y Skunyana	Light Machine Operator	592	592
Z Smith	Department of Labour	365	365
D Timotheus	Operator	65	65
V van der Heever	Educator	3 744	3 744
C van der Vent	Senior Worker	9	9
M Votersen	Manager	2 298	2 298
S Willemse	Administrative Officer	1 454	1 454
E Williams	Stores Clerk	6 249	6 249
X Zantsi	Bookkeeper	20	20
TOTAL		746 426	742 246



APPENDIX A

Abbreviations used in these financial statements

AFD	Agence Française de Développement
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
B-BBEE	Broad Based Black Economic Empowerment Act
BELCOM	Built Environment and Landscapes Committee
CCT	City of Cape Town
CID(s)	city improvement district(s)
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
COVID-19	coronavirus disease of 2019
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
FBE	free basic electricity
FCSA	Financial Sector Conduct Authority
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
ICDG	Integrated City Development Grant
IDP	Integrated Development Plan
IFRIC	The Former International Financial Reporting Interpretations Committee of the IASB, now renamed the IFRS Interpretations Committee (also refers to individual Interpretations issued by the Committee)
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IPM	Individual Performance Management performance
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MPRA	Local Government: Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NDHS	National Department of Human Settlements
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PPE	property, plant and equipment
PRASA	Passenger Rail Agency of South Africa
Province	Western Cape Provincial Government
PTNG	Public Transport Network Grant
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SAP	Systems, Applications and Products
SAMWU	South African Municipal Workers Union
SCM	Supply Chain Management (Department)
SOA	Scheme of Arrangement
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax



